GYG PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

GYG PLC

Company number 10001363

Contents

Cautionary statement

Sections of this annual report, including but not limited to the Directors’ Report, the Strategic Report and the Directors’ Remuneration Report, may contain forward-looking statements with respect to certain of the plans and current goals and expectations relating to the future financial condition, business performance and results of the Company. These have been made by the Directors in good faith using information available up to the date on which they approved this report. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the Company and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual future financial conditions, business performance, results or developments of the Company to differ materially from the plans, goals and expectations expressed or implied by these forward-looking statements and forecasts. Nothing in this document should be construed as a profit forecast.

Overview

INTRODUCTION

GYG is a market leading superyacht painting, supply and maintenance company, offering services throughout the Mediterranean, northern Europe and the USA. The Company primarily trades under the Pinmar, Pinmar Yacht Supply and Technocraft brands, operating in both the Coatings (New Build and Refit) and Supply markets.

Pinmar was founded in Mallorca, Spain in 1975 as a specialist yacht painting company focused on the new breed of superyachts over 40m. In 2012 Pinmar merged with its main Spanish competitor, Rolling Stock, to form the Global Yachting Group. The Company floated on the London Stock Exchange's AIM market in 2017 and was re-named GYG plc.

During its 46-year history, Pinmar has expanded its operations to cover the major superyacht Refit locations across Europe and the USA as well as establishing partnerships with the largest New Build shipyards. It has diversified its service offering through its yacht chandlery business, Pinmar Yacht Supply, which provides a multi-channel supply service to the world's superyacht fleet. Today it is recognised as the market leading brand in superyacht painting with a reputation for premium quality.

The Group also operates a specialist engineering company, Technocraft, that provides bespoke scaffold containment systems and yacht hardware removal and repair services to superyachts. These services form an integral part of the superyacht Refit process and enable Pinmar to offer a unique turnkey approach to superyachts and the Refit yards.

Pinmar has pioneered many of the innovations and methodologies associated with superyacht painting and is recognised as the most technically advanced applicator in the industry. Working with the major international paint manufacturers, it continues to invest in research and development programmes to drive improvements in speed, quality and efficiency. Pinmar is the only company to have developed its own quality metric paint standard, the Pinmar Standard 2.0, which is globally recognised and used by the industry since its development in 2011.

GYG plc is incorporated in the UK with its registered office in London. The Group's headquarters are in Palma de Mallorca, Spain, with its main Mediterranean operational hubs in Palma, Barcelona and La Ciotat, France. The USA division is based in West Palm Beach, Florida, with operational centres also in Fort Lauderdale and Savannah, Georgia. The Company also has offices in Holland and Germany providing a permanent presence in the major northern European New Build market.

Overview

GYG plc
(“GYG”, the “Company” or the “Group”)

2021 Final Results

GYG (AIM: GYG), the market leading global superyacht service and supply group, today announces its audited Final Results for the year ended 31 December 2021.

FINANCIAL HIGHLIGHTS

- Group revenue increased 6.7% to €62.8m (FY20: €58.9m)
  - Coatings (Refit and New Build) revenue increased 4.3% to €52.9m (FY20: €50.8m)
  - Supply revenue increased 21.6% to €9.9m (FY20: €8.1m)
- Adjusted EBITDA[1] decreased to €0.5m (FY20: €5.2m)
- Exceptional costs of €3.1m driven mainly by COVID-19 and the Nobiskrug insolvency[2]
- Operating loss of €6.1m (FY20: operating profit of €1.2m)
- Loss before tax of €7.2m (FY20: profit before tax of €0.2m)
- Net debt position[3] of €18.7m at 31 December 2021 (FY20: €11.7m)
- Cash of €0.4m at 31 December 2021 (€3.6m at 31 December 2020)

OPERATIONAL HIGHLIGHTS

- Resilient revenue performance in 2021, effectively managing the considerable disruption caused by the ongoing impact of the pandemic, the Nobiskrug shipyard insolvency and industry supply chain challenges which all impacted margins and profitability
- Record level of New Build work with revenues of €13.8m, increasing GYG’s market share in the sector after directly engaging with Northern European shipyards
- Significant uptake of shipyards outside of Spain taking advantage of turnkey packages
- Record level Order Book of €55.4m at February 2022, up 3% year-on-year (January 2021: €53.8m)
- Grown market share and, despite challenges, strengthened goodwill across existing and new client base
- Strong pipeline of potential projects
- Year to date trading in 2022 is satisfactory and in line with Group forecasts, with margins expected to improve following the execution of operational efficiency measures

(1) Adjusted EBITDA is defined as operating profit before depreciation, amortisation, impairment, performance share plan costs and exceptional items. This is an alternative performance measure used by the Directors to assess the operating performance of the Group.

(2) Nobiskrug: the shipyard filed for insolvency in April 2021. In July 2021, the North German shipbuilding company, Flensburger Schiffbau-Gesellschaft, was announced as the new owner of the Nobiskrug yard.

(3) Net debt position is defined as the net cash and cash equivalent balances, less short and long-term borrowings and obligations under leases. This is an alternative performance measure used by investors, financial analysts, rating agencies, creditors and other parties to ascertain a company’s debt position.

Strategic Report

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS
Whilst the Group's revenue performance was robust, 2021 results were the consequence of two sequential years of significant global challenges for the business as the continuing impact of Covid related logistics and costs, and the unexpected Nobiskrug shipyard insolvency, impacted profitability. The challenge of managing a business within a growth industry, whilst labour was in short supply, meant that the Group took steps to protect its core asset, our highly skilled employees. This will serve the Group well in the long term and, as COVID-19 issues recede, facilitate the Group's capabilities to take further market share and service future growth.

The strategic review undertaken in 2019 continued to support Group turnover for the year at €62.8m, an increase of 6.7% over the €58.9m reported for 2020, evidencing the strong and growing position within the industry. The Group entered 2021 with a strong Order Book and the improved turnover for the year reflected the excellent work undertaken by every department. The Coatings division revenue increased 4.3% to €52.9m (FY20: €50.8m). The Supply division revenue increased 21.6% to €9.9m (FY20: €8.1m), as the retail sector saw a welcome return to normal trading practices in 2021.

As disclosed in the Group's trading update on 9 November, the 2021 operational challenges impacted the Group's profitability and resulted in a modest positive Adjusted EBITDA of €0.5m (FY20: €5.2m) for the year, and an operating loss before tax of €6.1m (FY20: profit before tax of €0.2m). Exceptional items amounted to €3.1m during the period, including Covid-19 related costs of €1.8m, transaction fees amounting to €0.4m and bad debts of €0.8m relating to the Nobiskrug insolvency.

Another strong year of revenues confirmed the strength of the Group's brands and the dedication of the entire team across the industry to maintain high service levels, with this momentum continuing into 2022. Despite another year of sales growth, the operational landscape was intensely challenging during the period and, as such, the Board are focused on setting a strategy that reduces operational risk through 2022, through a combination of initiatives, including the launch of an SAP provided Enterprise Resource Planning system integrating all global business areas, providing a powerful analytics tool for management; a restructuring and overhaul of workforce management systems and the recent hire of a personnel logistics manager to improve management of the Group's core cost.

The Group continues to invest capital and resources in building its strong reputation, delivering the Pinmar superior client service and developing numerous growth opportunities. The impact of the previous two years on the Group capital structure is evident, leading the Board to review options to ensure the Group is appropriately capitalised to capture potential growth opportunities.

The Board has not proposed a dividend for 2021. However, the Group continually evaluates efficient capital deployment and remains motivated to reduce debt and strengthen the balance sheet during 2022 and will continue to monitor appropriate capital requirements to further advance the business. Given the investment opportunities for growth, investors should not anticipate a dividend in 2022.

GEOPOLITICAL EXPOSURE
Current industry estimates place the wider Russian superyacht ownership at 7-10% of the global market and the Directors believe the Group's current exposure is in line with these figures. To counter any possible disruption, the team are focused on leveraging GYG global capabilities with operations across the Mediterranean, Northern Europe and the USA and have built a solid pipeline of prospective work, spanning over 185 projects amounting to approximately €200 million of potential revenue.

PEOPLE AND ORGANISATIONAL DEVELOPMENT
Like my predecessor, I am hugely impressed by the resilience and passion of our employees in what has been another extraordinary and challenging year. Management and the entire operational team have adapted quickly to further lockdown restrictions and travel parameters across the Groups diverse geographic operations, doing so with professionalism and dedication.

Improving core processes and controls remains a priority this year and the team are progressing with IT systems upgrades increasing automation, improving operational efficiency and scale for future growth.

OUTLOOK
Our 2021 revenue performance was delivered in the most challenging trading environment that the Group has yet experienced. Significant external pressures remain in 2022, specifically the current geopolitical conflict between Russia and Ukraine and the extended global economic effects of the conflict. Whilst many factors are outside of the Group's control, GYG has a very strong reputation and brand and management have a wealth of experience and industry expertise. The Group has a clear growth plan and the core fundamentals are in place to continue serving clients to the highest standard, delivering a superior product and ultimately navigate the global challenges.

Management and the Board remain vigilant and focused on delivering profitable growth and cash generation, with margins expected to revert towards their 2020 levels in 2022, following the execution of a variety of measures to enhance operational efficiency.

Strategic Report

GYG has pioneered many of the innovations and methodologies associated with superyacht painting and is recognised as the most technically advanced applicator in the industry, while the stability of the retail division, Pinmar, continues to impress. The Group continues to evaluate next generation technologies to improve efficiency and we are confident about the prospect of growing our Pinmar offering further.

The Group remains well positioned to capitalise on the structural growth within our industry, especially in the premium 50m+ segment. GYG is recognised as the market leader by international clients and has a substantial and growing pipeline of potential contracts and a strong global order book to support initiatives and opportunities to combat external challenges beyond company control.

Finally, on behalf of the Board and shareholders, I extend our thanks to Stephen Murphy who served the Group as Chairman for many years, prior to stepping down in December 2021.

Richard McGuire
Chairman

27 April 2022

Strategic Report

CHIEF EXECUTIVE'S REPORT

2021 saw another year of exceptional operating challenges as the world came to understand and adapt to the enormity of the COVID-19 pandemic and, consequently, we experienced industry circumstances beyond our control. Despite this, GYG delivered a robust performance in an extremely demanding environment, effectively managing the considerable disruption caused by the ongoing impact of the pandemic, the Nobiskrug shipyard administration, and industry supply chain difficulties that became apparent specifically in Q4.

As the superyacht industry experienced a boom throughout 2021, experienced labour was in short supply. This was compounded by COVID-19, travel restrictions and quarantine regulations across Europe. In response, the Group took the decision not to lay off any skilled workforce after the Nobiskrug insolvency, in order to maintain our ability to service our clients and support future growth, which significantly affected the profitability of the Group during the year.

The superyacht industry's strong current growth phase saw yacht sales up 75% in 2021 and the leading New Build shipyards operating at full capacity for the foreseeable future. The market fundamentals remain strong, and our growing Order Book is evidence of our reputation for the highest operating standards and excellence in service delivery driving increased market share. We also welcomed a return to normal trading practices in the retail sector as pandemic restrictions eased, which saw our Supply division deliver a solid full year performance in line with our expectations.

Our people continued to work tirelessly across all our operations, specifically those organising workforce displacements contending with ever-changing travel restrictions, quarantines, lockdowns and stringent health and safety procedures across all jurisdictions, and I thank them greatly for their efforts. I would also like to take this opportunity on behalf of my Board colleagues to welcome Richard McGuire to the Board as Chairman and to thank Stephen Murphy once again for his support and stewardship throughout the demanding last few years.

OVERVIEW

A positive start to 2021 trading combined with the Group's keen focus on gross margin efficiencies gave us confidence that we were on track for a significant improvement in performance for the full financial year, however for reasons largely outside of our control, external events heavily impacted us from Q2 onwards and were very time consuming for the Board and senior management team.

On 9 April 2021, Harwood Capital, one of the Company's major shareholders, announced that it was in the preliminary stages of evaluating a possible offer for the entire issued and to be issued share capital of the Company.

Shortly after Harwood Capital's announcement, the Group's positive operational momentum generated since the start of the year was severely disrupted by the sudden administration process initiated on 12 April 2021 at the Nobiskrug shipyard. The Group had three active contracts and certain invoices outstanding, relating to work completed in 2021 at the shipyard, totalling approximately €2.8m (excluding VAT).

This led to a significant loss of operational efficiency over the ensuing months as the Group found itself with a significant proportion of its workforce suddenly without work but with the prospect of potentially restarting the three impacted projects in the yard at short notice. On numerous occasions during this period, it appeared to the Board that a satisfactory resolution was imminent. However, the discussions took longer to conclude than originally anticipated and the associated delays to planned work schedules and revenue recognition created unexpected and temporary inefficiencies which impacted the Group's margins for the remainder of the period.

As previously announced on 29 October 2021, we received notice that Harwood Capital was no longer considering making an offer for GYG. Following collaborative discussions throughout the due diligence process, the Board agreed with Harwood Capital's decision that it was not the appropriate time to progress a potential offer.

During the second half of the year, it became clear that the long terms effects of the COVID-19 pandemic had caused a global shortage of raw materials affecting, specifically but not exclusively, those working with chemicals involving epoxies, polyurethanes, resins and copper. These are the fundamental ingredients used in the manufacturing of the core product lines used by our Coatings division and distributed into the market by our Supply division.

This shortage inevitably led to an increase in prices of the limited raw materials in circulation to the point where we saw some products supplied in Europe increase by up to 10% depending upon the product and manufacturer. Our leading position allowed us to negotiate terms with our principal paint suppliers that will protect us against further rises until 2023 and we have factored these price increases into all future contract proposals and price tariffs to help further mitigate the impact.

Post period end, and as previously announced on 24 January 2022, we were pleased to confirm that we had reached agreement with the new owners of the Nobiskrug shipyard regarding the Refit project (the largest of the three contracts). New contracts were signed and GYG received a payment of approximately €2m relating to historical work. Our Pinmar brand professionals have recommenced work on the vessel, with this large turnkey project now scheduled for completion in H1 2022.

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I am pleased that we have reached a successful conclusion with the numerous parties involved on this complex Refit project. The agreement reflects the perseverance of the client and GYG management to work together and deliver a clear solution from a complicated situation. Resolving this has been a key objective for the management team and demonstrates the importance of our position in the market as leaders in our sector.

During another exceptionally challenging year the Group has persevered, grown further market share, continued to enhance our Order Book and produced high quality work, creating further goodwill across our existing and new client base. With record levels of superyachts over 70 metres being built, the Group has started the new financial year well, with the platform in place to deliver sustainable long-term profitable growth.

FINANCIAL OVERVIEW
The Group delivered revenues of €62.8m in the year ended 31 December 2021 (FY20: €58.9m), an increase of 6.7% with an adjusted EBITDA of €0.5m (FY20: €5.2m) and an operating loss of €6.1m (FY20: operating profit of €1.2m) mostly due to the exceptional items related with ongoing COVID-19 health and safety compliance and a bad debt provision of €772k recognised in the period relating to the two Nobiskrug New Build projects. The Board believes, however, that there is a realistic prospect of recovery of the full amount of bad debt once new commercial contracts are agreed.

Our gross margins suffered as a result of the unforeseen inefficiencies mentioned above, with our average gross margin for 2021 at 18%, down from 29.9% in FY20. We ended the year with cash of €0.4m (FY20: €3.6m) and net debt of €18.7m, up from €11.7m in FY20. The Group's net debt position is explained in more detail in the Financial Review. That we maintained a modest positive adjusted EBITDA even under the varied operating challenges in 2021 reflects the committed approach to improving efficiencies where possible and our ongoing cost reduction initiatives throughout the year.

The Board is confident that margins will revert towards their 2020 levels in 2022. The Board also remains confident of the potential for the Group's strategy to deliver additional market share gains and efficiencies, in turn underpinning the scope for further growth and margin improvement in the medium to longer-term.

We are currently working on several significant turnkey Refit projects alongside a number of New Build projects and continue to tender for exciting opportunities both with existing and new shipyards.

DIVISIONAL REVIEW
GYG's activities are segmented between two divisions, Coatings and Supply. For the year ended 31 December 2021 the Coatings division delivered revenues of €52.9m (FY20: €50.8m), an increase of 4.3%, and an adjusted EBITDA loss of €0.3m (FY20: €4.0m). The Supply division delivered a 21.6% increase in revenues to €9.9m (FY20: €8.1m) with an adjusted EBITDA of €0.9m (FY20: €1.1m).

Coatings division
The Group's Coatings division operates under the premier 45-year-old Pinmar brand and works globally across two segments of the superyacht market, namely New Build and Refit. With a long and well-respected history, Pinmar is recognised as the market-leading brand in superyacht painting with a reputation for premium quality having completed the fairing and finishing on many of the world's most prestigious superyachts.

A typical New Build project will involve the Group fairing and painting a new superyacht as part of the construction process. Starting with the bare substrate of steel or aluminium, specialist teams work in phases to smooth out any irregularities in the surface material and provide a solid base to build up the different layers of the paint system ready for the final visible topcoat. Each layer has distinct application and curing requirements and is crucial to the success of the overall system. The exterior finish of a superyacht is a key part of the construction process ensuring the physical integrity and performance of its hull and superstructure whilst being fundamental to the aesthetics of the finished yacht.

The construction of a 100m New Build yacht would typically take 30 months up to delivery, with fairing and painting contributing a considerable amount of the overall project schedule at 10-12 months. The Group is typically engaged to provide a quote for a shipyard up to 2 years before the build is due to start, while the shipyard is still in the bidding process for the project. GYG services are traditionally contracted at the beginning of the build process, with the fairing phase commencing on average 12-16 months into the project. To that end, New Build projects typically offer a higher value, longer-term revenue stream for the Group in addition to future repeat revenues as potential Refit projects.

A Refit project can see the Group undertake a variety of activities including bespoke scaffolding and containment, hardware removal, caulking (sealing joints and seams against leakage) and repainting and finishing, which, if using GYG's advanced scaffolding system, can be done while the vessel is in the water as well as on a quayside or in a dry dock. Superyachts require a major Refit inspection and service every five years to comply with maritime, insurance and industry regulations. Consequently, owners often use these major service periods as an opportunity to repaint their superyachts due to significant cost savings and schedule synergies by combining such activities. Regular paint work is one of the highest single costs of yacht ownership, however it is critical to support the life of the yacht and to maintain an exceptional appearance, especially for those yachts in the fleet which undertake activity in the charter market.

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The size and complexity of new superyachts continues to increase; in 2012 the average length of a Pinmar project was 55 metres, today it is close to 80 metres. This presents new challenges for paint applicators especially with respect to time and quality. In response to these challenges, the Group is always at the forefront of innovation and continually works with leading industry partners to introduce market leading technology into our processes such as electrostatic paint application, and ground-breaking new products such as the Awlgrip HDT range and most recently Awlgrip Awlfair Sprayable Filler, a product and application methodology that promises a step change in performance when filling and fairing New Build projects.

The Group's scaffolding brand, Technocraft, pioneered the development of yacht scaffolding and containment systems within Europe. The advanced modular construction system allows for the entire yacht to be fully enclosed, with full access, inside a controlled environment, for the entire refit period, either out of the water or while still afloat. As the size of the yachts increase these scaffold and containment structures have become a very important part of a refit, Technocraft is now offering a hard removable roof structure, where sections can be removed during the refit to allow crane access to the vessel. Offering this paint and scaffolding services as a turnkey solution is unique to GYG; Technocraft's ability to facilitate this enables the Group to work on considerably larger yachts and provides a competitive advantage when pitching and tendering for Refit projects. Technocraft services as part of a Group turnkey Refit solution contribute on average 15-20% to the total contract revenue.

Introduced in 2011, the Pinmar Paint Standard was the industry's first comprehensive statement of how a client's expected paint finish should be measured and agreed. Designed to be universally understood, it remains one of the most exacting and comprehensive guideline in existence and defines the high standard achievable on Pinmar paint applications.

Prompted both by the entry of new paint manufacturers to the market and changes to the technical formulation and performance of superyacht paint products, the Pinmar Paint Standard 2.0 was launched in 2017 to give Pinmar clients an even better understanding of the quality and performance of their paint work, together with improved peace of mind during the warranty period and beyond.

The Group also offers a global warranty package of up to 24 months on New Build yachts and up to 18 months on Refit work with a unique geographic network of after-sale refit locations on both sides of the Atlantic. Our warranty packages are backed up by product manufacturers and are available with an optional coatings insurance policy which strengthens client confidence and reduces costs and reputational risk for shipyards. In conjunction with the Pinmar Paint Standard we are proud of our recognised high quality of work and have an exceptionally low warranty claims history.

The Group's ability to provide all the above services results in its uniquely placed position to offer a complete turnkey solution across all of our major global hubs. This provides undeniable benefits for the client and is often a significant deciding factor.

New Build
The Group has enjoyed a significant increase in its market share of the higher value New Build sector recently as a result of its strategy to directly engage with the leading New Build yards in Northern Europe and develop long-term relationships.

The Coatings division had another strong performance in 2021 with nine New Build projects underway in various stages throughout the year across Europe, four of which were yachts between 60 and 90 metres and five were over 90 metres.

This record level of New Build work delivered revenues of €13.8m, an increase of 3.8% over 2020 (FY20: €13.3m). Three of these projects continued into 2022 and the Group expects to start two 70+ metre New Build projects in Holland in H1 2022 and is in advanced negotiations relating to further New Build contracts including the resolution of the two outstanding Nobiskrug projects.

The Group's focus on quality continues to improve its industry reputation. This has allowed it to establish itself as the leading service provider in the sector, particularly now that many of the Group's New Build projects have been delivered. The industry is now recognising that GYG is a major player in the higher value New Build sector, providing numerous opportunities for the Group to increase its market share and drive profitable growth.

The Board is confident that there is plenty of headroom for continued growth both within the yards that the Group currently serves and through developing further new relationships with other leading shipyards. The strong forward Order Book as detailed below highlights the significance of these higher margin New Build shipyard relationships to provide greater visibility over forward revenues and will enable further efficiency.

The growth in the Group's market share of the New Build sector will contribute directly to strengthen the Refit pipeline as newly built yachts enter the required 5-year service cycle.

Refit
The strong sales momentum experienced in Refit during 2020 continued into 2021 with the Group generating Refit revenues of €39.1m in 2021, an increase of 4.5% against 2020 (FY20: €37.4m).

The major Refit project in Nobiskrug was expected to bolster revenue and margins during the summer months, which tends to be a quieter period for Refits due to normal Mediterranean cruising patterns. With the administration of Nobiskrug in April

2021 and renegotiations on the project contract not completed until January this year, the remainder of that revenue will now be recognised in H1 2022.

The Group has seen a significant uptake in the number of shipyards outside of Spain taking advantage of GYG's new turnkey package. This offering includes a greater number of key refit tasks which are carried out by the Group instead of being subcontracted out to third parties. Historically, Pinmar only offered painting services outside of Spain but over the past two years shipyards have contracted with GYG to complete painting, scaffolding and containment, hardware removal and reinstallation, and provision of infrastructure such as air extraction and specialised lighting. This has increased the revenue per project and given GYG a much broader engagement with these shipyards.

Despite the reduced average gross margin in 2021 as a result of unavoidable external events, we are seeing positive results from the new working practices introduced during the period such as challenging man-hour budgets using new chronograms and monitoring the project efficiencies weekly to check that stated objectives are being achieved with the manpower stretch. In conjunction with the stretch, we have implemented a stringent manpower planning program. We also move labour from project to project in a very proactive way, reducing downtime so less overall labour is needed each month resulting in a streamlined workforce.

Having a strong, consistent and visible Order Book for Refit, which is consistently growing through repeat business from clients, enables the operations department to better plan and control manpower, materials and equipment much more efficiently.

The Board is confident that there is still room for substantial growth within the Refit segment of the market in terms of both contract value and the number of Refits as we are recognised as a leading full-service turnkey solution provider rather than just paint services, and the fleet continues to expand with a steady introduction of new superyachts each year.

Supply division
2021 saw a successful return to pre-pandemic operating practices across the entire retail sector, with the Supply division's turnover increasing as a result by 21.6% to €9.9m (FY20: €8.1m), reflecting the easing of strict COVID-19 restrictions regarding retail stores and the results of our strategic focus on direct yacht sales.

Like most businesses, superyachts are streamlining their supply chain by selecting key suppliers who can provide them a fast, efficient and personalised service, with direct delivery to the yacht's current or future location. These practices have remained in place after the easing of restrictions, as the advantages became clear to captains, pursers, and fleet procurement managers.

Our retail stores continue to service the daily chandlery needs of yachts in Refit, carrying a focused range of key marine brands offering products including paints and varnishes, cleaning consumables and deck maintenance materials and tools. Specially created areas also provide a better experience for clients to meet with Pinmar Yacht Supply account managers to discuss current and future purchasing requirements.

Yacht owners are beginning to understand that, with the depth of knowledge, experience and skills of its dedicated staff, Pinmar Yacht Supply can meet all their supply requirements. This will lead to strong growth in this division for the Group.

Pinmar Yacht Supply operates a network of Official Retail Partners in conjunction with smaller supply companies based in key superyacht locations across Europe. During 2021 we agreed terms with an existing member of our retail partner network in La Ciotat to become our first Premium Retail Partner due to their recent growth and relocation to a prime spot in the new retail village. Under this arrangement, we provide a high volume of goods on mutually acceptable terms using our branding in a new facility in the expanding shipyard. This allows strong growth without the Group having to carry additional staff and overheads.

We remain optimistic about the future prospects for this division in 2022 and beyond as we continue to take advantage of our strategy with a focus on commercial improvement and delivering value to our customers, with a strong leadership team focusing on the servicing of superyachts' purchasing requirements.

MARKET DEVELOPMENTS
According to data provided by our independent market research last year, a spike in cumulative New Build output in 2021 was forecast, caused chiefly by the number of delayed project deliveries as a result of the pandemic. A total of 69 yachts of 40 metres and above were delivered in 2021, a marked improvement over the 54 delivered in 2020, and indicative of a New Build market restabilised following the pandemic and the knock-on effects it had on the supply chain and labour force. Over the past five years the 40m+ fleet has grown by 13.4% at an average of 65 deliveries per year, confirming that 2021's output of 69 yachts was above the historic precedent.

The majority of the 40m+ fleet can be categorised in the 40-50m sector, with 58% of the active fleet falling into this size bracket. However, the trend towards larger New Build deliveries continues with the 40-50m segment forecast to grow by a CAGR of 2% between 2022 and 2026, but at the larger end of the spectrum, where GYG operates most effectively, the 70-90m and 90m+ segments are expected to reach a CAGR of 3.8% and 4.0% respectively over the next five years.

This trend continues into the Refit market as new yachts enter their regular maintenance cycle. Between now and the end of

Strategic Report

2026, the Refit paint market is expected to grow by approximately17.8%. The 70-90m and 90m+ segments will see the largest growth, at 34.6% and 42.9% respectively. The 40-50m sector is expected to increase by 15.1%, while the 50-70m sector will grow by approximately 16.2%.

Looking directly ahead to 2022, shipyards are predicting a record-breaking number of 122 40m+ deliveries as they look to complete projects delayed from previous years combined with an increased overall demand for superyachts. This is putting New Build shipyards under increased pressure to meet delivery dates when build slots are limited and this level of output has never been seen previously.

We expect many of the predicted projects will experience delays and be pushed into 2023/2024. This is normal, and historically we have seen anywhere between 20-30% of projects moved into the following year. In 2021, that number was closer to 40% as the market continued to adjust to scheduling delays due to issues related to COVID-19. A similar levelling of the numbers is expected in 2022, resulting in a more even spread of deliveries and therefore market value across the next few years.

Over recent years there has been a consolidation of shipyards and a reduction in the number of New Build yards available to potential clients. Now with the increased demand, traditionally popular shipyards have already sold their future build slots, allowing for the potential entry of new shipyards to take on projects.

Furthermore, there has been more investment in infrastructure projects to increase capacity at both large and small shipyards. While these projects are typically longer term, they do demonstrate the need for more build capacity globally.

Source: Superyacht Agency Market Intelligence Report, March 2022

OPERATIONAL REVIEW
GYG provides a highly skilled, mission critical service as part of the New Build construction and Refit of superyachts. The Group is well-positioned to benefit from strong structural growth drivers in the premium end (50m+) of the sector, which is our key focus and the fastest growing segment of the market as detailed above.

We saw a significant improvement in operating margins at the start of the year, which has been management's focus for some time, with greater visibility in the Order Book and rigorous monitoring of manpower and asset utilisation rates improving the Group's underlying trading performance during the Q1 period.

Notwithstanding the impact of the Nobiskrug administration, the Group continued its operational focus to deliver improved gross margins, a reduction in fixed costs and business process improvements throughout the year, resulting in our modest positive EBITDA for the year. The Board expects to see the benefits of these programmes continue to become more apparent in 2022 as we are confident margins will revert towards 2020 levels.

The Group continues to innovate and invest in new application technology and employee training, leveraging its strong relationship with all the main superyacht paint manufacturers. Our Pinmar brand is involved with a new work placement course created by the Servei d'Ocupació de les Illes Balears (The employment service of the Balearic Islands) and the Balearic Marine Cluster of which the Group is a member. This initiative consists of a nine-month practical period based in our Son Oms Paint Facility in Palma de Mallorca learning the processes of surface preparation for yacht painting, with 500 hours of theoretical study running in parallel and the possibility of a full-time placement within the Group once the course is complete.

We continued our cost management efforts during 2021 with the efficient restructuring and consolidation of Group workshops and storage assets. In Palma, we reallocated resources across our various paint facilities in the Son Oms industrial estate to better utilise space and improve the workflow of our off-site paint and fittings operations. We also consolidated our Technocraft scaffold storage area and repair workshop into existing Group facilities to reduce costs.

Due to increased demand from both our Pinmar project teams and Pinmar Yacht Supply yacht clients and trade partners, we expanded our warehousing in Barcelona which is located inside the ZAL Port Barcelona. The ZAL Port (Zona d'Activitats Logístiques) is the intermodal logistics platform of the Port of Barcelona.

Our new 1,500m2 facility is a mix of logistics space and offices for our materials management team and will serve as the main hub for supplying our retail stores and portfolio of Official Retail Partners across Europe. This prime location also allows our team to offer a fast, reliable, and high-quality service directly to yachts, shipyards, and trade applicators in the greater Barcelona area.

GYG continues to develop its human resources function through a combination of structured in-house training programmes and strategic recruitment. We continue to strengthen the management team introducing a mix of industry experience and related business expertise where needed to match our levels of forecasted activity.

We continue to work on a programme of system developments to automate business processes, consolidate legacy systems and provide better management information leading to improvements in operational planning and control. The significant upgrade of our core IT infrastructure which started in 2020 is progressing to plan and expected to be completed in H1 2022 with the launch of our new ERP system.

We have successfully adapted our operational model in response to the lessons learnt during the COVID-19 pandemic and continue our ongoing programmes to improve our business processes, systems, and infrastructure to support growth and increase the efficiency of the Group.

Although we have been unable to operate our planned charitable fundraising events across the last two years due to COVID-19 restrictions, I would like to highlight a few of the charitable contributions we have made to some very special people and organisations during the year.

We are proud to support the Superyacht Charities foundation with their annual Superyacht Ball and Seafarers Supper fundraising events, which raise significant amounts of money for several good causes as seen here www.superyachtcharities.com/beneficiaries/

We sponsored the incredible Mark Delstanche as he became the first person in the world ever to row solo and unsupported from New York to London, a challenge which took him over three months and raised money for several charities in the process www.northatlanticsolo.com

And finally, in a case close to our hearts, we are proud to sponsor a former employee's professional ParaBadminton career following his recovery from a life altering traffic accident suffered in 2020. Further details of our charitable donations are set out in the Director's Report on page 23.

COVID-19

The Group responded quickly and effectively to mitigate the impacts of COVID-19 during the initial outbreak in early 2020 and throughout the many months since, drawing a positive client response. While the Group is still experiencing additional costs, administrative burdens and some travel restrictions as a result of the pandemic, the Board does not believe that the pandemic will have a material impact on its financial performance going forward assuming current conditions of the pandemic continue to improve.

Please refer to our COVID-19 Statement for further details.

ENVIRONMENT AND SUSTAINABILITY

As the world's leading superyacht service and supply group, the Group has an obligation to demonstrate leadership to the community in corporate sustainability and challenge industry norms in regard to climate change; to minimize our environmental footprint, to offer the most sustainable solutions to clients and to act with integrity across all of our operations.

Our first Sustainability Action Plan is currently under development and due for release in H1 2022. This plan outlines the specific actions that GYG will undertake itself and by partnering with other stakeholders in the period of 2022 to 2026. The development of this plan is consistent with the actions of many shipyards both domestically and internationally, where Climate Action Plans and carbon footprint reduction strategies are commonplace.

The Group has in place an Environmental Management System certified by Lloyds Register following ISO 14001:2015 international standards. We currently have many in-house projects underway to reduce our impact on the environment, with the most recent initiatives focusing on more efficient energy use, reducing business related travel and offsetting emissions from air travel, and modernising the company fleet vehicles to lower-emission models.

We partner with shipyards, paint manufacturers, equipment manufacturers, and suppliers who are working to improve the industry's attitude to the environment, and our Supply division has responded to customer demand to stock eco-friendly solutions by launching a new refill station with a range of 'green' day-to-day cleaning products. We continue to champion innovative technical solutions such as electrostatic paint application, which offers a 60% improvement in paint-transfer efficiency and significantly reduces the potential environmental impact of overspray.

GYG is part of several local business clusters with other key players in the yachting industry across its operations. The cluster based around the La Ciotat Shipyard in France is working to make the shipyard more sustainable through several projects including shared water treatment and waste recycling. Working with our partners at MB92 Group, we are collaborating on two trial projects to further improve our existing extraction and filtration systems with an additional dust chamber to capture any left-over toxic gases.

As a direct result of our 3-year fundraising partnership with the Blue Marine Foundation (BLUE), which saw 25% of our Pinmar Golf charity fundraising allocated to environmental matters, BLUE and local partners have evaluated the extent of illegal fishing in the Balearics and are developing a programme to reduce this impact on marine protected areas in Mallorca and across the Balearics.

BLUE commissioned a report to present the findings of an investigation into illegal, unreported and unregulated (IUU) fishing in the Balearics. The report highlights the major sources of illegally caught fish, how and where they are being caught, and where they are being sold. A sustainable, traceable seafood label is being developed to make buyers aware of the provenance of their seafood, and ensuring fishers are rewarded by a fair price for their sustainable catch as well as reduced competition from the illegal market.

Workshops and discussions have been held with restaurants and hotels to build a "critical mass" of businesses that support the moves towards sustainable, traceable fish. Workshops and discussions have been held with fishers to begin the development of an official "code of responsible/sustainable fishing conduct," that will exist alongside the new certification scheme. More information on BLUE's ongoing environmental efforts can be found at www.bluemarinefoundation.com

As always, we want to be at the forefront of the industry, and we will embrace any positive changes that reduce the Group and wider industry's impact on the environment.

GROWTH STRATEGY

As indicated earlier in this report, the industry is currently experiencing a strong growth phase with record used-yacht sales driving Refit opportunities and New Build order books at full capacity in the premium shipyards.

Reported by Bloomberg, citing data from maritime market data firm Vessels Value, a total of 887 superyachts were sold in 2021. This figure is more than 75% over 2020 sales and more than double the number sold in 2019. Boat International's latest review of the 2022 New Build Global Order Book reports 398 projects in build or on order over 37m, a rise of 15% over 346 in 2021. The number of projects started without a confirmed owner (known as speculative production) has dropped to its lowest level since Boat International's records began, with just 25.5% of the 2022 Order Book representing "spec" builds, down from 39.3% in 2021.

As the true extent of the COVID-19 pandemic became clear across the world in late 2020 with lockdowns and strict travel restrictions in place, many UHNWIs recognised superyachts as secure, private getaways on which they could take refuge. This led to soaring interest from new buyers within the leading New Build shipyards, especially those producing full custom builds. As a result, build slots for 2021 and 2022 were rapidly secured and it is now a challenge for would-be buyers to find a semi-custom project available for purchase before 2024, with even longer delays before deliveries are available for full custom productions.

The Group is well placed to exploit this strong growth period in the market, and we continue to see positive results from our New Build strategy, confident that our focus of securing preferred supplier status within the key Northern European shipyards remains critical to delivering long-term growth. The Group has achieved a significant increase in its market share of this premium market segment over recent years with plenty of headroom for continued growth both within the yards it currently serves and through developing targeted new relationships with other leading shipbuilders.

We remain closely aligned to our key Refit shipyard partners and continue to invest in our own facilities and resources to complement the growth at our strategic locations, in line with the ever-growing superyacht fleet and their increasingly demanding Refit programmes. Our Refit strategy of promoting turnkey solutions across our geographic locations utilising our entire portfolio of services is proving attractive to large superyachts, especially those working to tight Refit schedules, who will benefit from the streamlined workflow, efficient decision making, and coordinated after-service and global warranty afforded by our offering.

La Ciotat Shipyards in France is nearing completion of its 'Project Atlas' megayacht platform which features a new 4,300 ton syncrolift capable of lifting out yachts up to 115 metres in length and the installation of 40,000m2 of associated hard standing space. This upgrade will make La Ciotat one of the most renowned Refit shipyards in our industry and the Group, as a preferred services supplier, is well placed to satisfy this new capacity as a result of our investment and development. The Board expects that this will be one of the Group's fastest growing refit hubs over the next 12 months.

Our strong relationships with the major fleet management companies continues to evolve as we see an increasing number of our target yachts coming under professional management. Again, our strategy to offer an integrated repair and supply solution to the large managed fleets provides management companies with a unique proposition and integrated solution.

During 2021, the Monaco Yacht Show and Fort Lauderdale International Boat Show (FLIBS) saw a welcome return to large-scale marine events, and we look forward to a busy programme of industry networking events and boat shows throughout 2022. The success of these shows, especially considering the compromises made to ensure COVID-19 compliance, shows the value of having face time with the leading figures within the industry and building deeper relationships with our partners.

Our growth plan for the Supply division remains focused on servicing the purchasing needs of the growing superyacht fleet and extending our service proposition beyond our physical locations so we can capture a greater share of their annual spend.

The Group continues to explore potential acquisition opportunities to enable expansion into new markets geographically or into new products and services that complement the Group's existing operations. The current environment looks favourable to identify earnings enhancing growth opportunities across the Group.

Strategic Report

CURRENT TRADING AND OUTLOOK
The Total Order Book as of February 2022 stands at €55.4m, up 3% year-on-year (January 2021: €53.8m). The Current Year Order Book for 2022 is €36.9m, which is slightly lower than the January 2021 book following two Refit contracts being recently postponed to 2023. The Order Book represents contracts agreed at this date and as in prior years, the Board will update the market with significant additional contracts throughout 2022.

Order Book at:	Total Order Book	Forward Order Book*	Current Year
January 2019	€33.9m	€8.6m	€25.3m
January 2020	€44.4m	€11.6m	€32.8m
January 2021	€53.8m	€13.2m	€40.6m
February 2022	**€55.4m**	**€18.5m**	**€36.9m**

* Forward Order Book represents orders scheduled for completion in 2023 onwards, excluding the Supply division

The Group remains focused on delivering operational improvements, including the use of new technologies to aid efficiency, and consolidating its market share in Northern Europe. With record levels of superyachts over 70 metres being built, the Group has started the new financial year well, with the platform in place to deliver sustainable long-term growth.

The Group has experienced a robust start to the year in terms of operations and contract wins. The Group has two +70 metre New Build projects which started in Holland in March and is in advanced negotiations relating to further New Build contracts.

No discussion of the trading outlook for the Group would be complete without some comment on the current geopolitical environment. Current industry estimates place the wider Russian superyacht ownership at 7-10% of the global market and the Directors believe the Group's current exposure is in line with these figures. To counter any possible disruption, the team are focused on leveraging GYG global capabilities with operations across the Mediterranean, Northern Europe and the USA and have built a solid pipeline of prospective work, spanning over 185 projects amounting to approximately €200 million of potential revenue.

On the back of a robust Current Year Order Book, the outlook for the Group for 2022 is encouraging for 2022. Whilst the Board expects the impact of COVID-19 to be substantially less as we exit the pandemic, the Board remains mindful of the potential for future changes in lockdowns and travel restrictions as well as the wider geo-political environment, which may affect the full year performance.

Remy Millott
Chief Executive Officer

27 April 2022

Strategic Report

FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2021

Year ended 31 December 2021	Coatings €000	Supply €000	Total reportable segments €000
Revenue	52,921	9,899	62,820
Adjusted EBITDA	(345)	851	506

Year ended 31 December 2020	Coatings €000	Supply €000	Total reportable segments €000
Revenue	50,760	8,138	58,898
Adjusted EBITDA	4,033	1,130	5,163

Revenue in the year ended 31 December 2021 increased 6.7% to €62.8m (FY20: €58.9m). This was driven by a 4.3% increase in turnover in the Coatings division and a 21.6% increase in the Supply division. Some of the growth in turnover reflects the return to more normal trading conditions following the start of the COVID pandemic in 2020. Added to this was the fact that the Group started 2021 with the strongest Order Book in its history.

In April 2021, the Group's largest client at the time, Nobiskrug Shipyard GmbH went into administration. At the time, the Group had outstanding receivables with Nobiskrug of €2.8m (net of VAT). The Group had been working on a large Refit project and two smaller New Build projects in the yard. The outstanding receivables related to the Refit project totalled €2.0m and those related to the two New Build projects totalled €0.8m.

The impact of the Nobiskrug administration on operating efficiency and working capital was significant. The Group had geared up operationally for the three projects to delivery revenue and the associated cashflow over the subsequent months in 2021. Despite the best efforts of all stakeholders, it took until January 2022 to resolve the contractual issues around the large refit project. Discussions are ongoing in relation to the two new builds. This left the Group with a larger workforce than was ideal. The potential imminent restart of the refit project meant that significantly downscaling the workforce would have left the Group unable to complete the project and, eventually, the workforce would be required for the busy refit season in Q4.

As a result of the negative impact on operating efficiencies of Nobiskrug, operating costs (not including exceptional items, impairment, performance share plan costs, depreciation and amortisation) increased by 17.0% from €57.7m in FY20 to €67.5m in FY21. The Group's operating margins accordingly decreased in 2021, resulting in:

- an operating loss of €6.1m in the year (FY20: profit of €1.2m);
- an adjusted EBITDA of €0.5m (FY20 €5.2m); and
- a net loss, excluding exceptional items, impairment and performance share plan costs, for the year of €3.7m (FY20: profit of €1.4m).

The exceptional items of €3.1m in the year (FY20: €1.0m) relate to additional costs incurred directly as a result of the pandemic which the Group will not incur going forward, a provision of €0.8m in relation to outstanding receivables from Nobiskrug, and €0.4m of professional fees incurred as a result of the approach from Harwood Capital. These costs are described in greater detail in the COVID Report and notes to the accounts.

Financial expenses of €1.1m in the year (FY20: €1.1m) mainly related to interest on the syndicated loan signed in March 2016, various working capital facilities, finance leases and foreign exchange rates.

EARNINGS PER SHARE AND DIVIDENDS
Net loss for the year was €6.7m (2020: profit of €0.3m). Loss per share was €0.14 (FY20: profit of €0.00 per share) and adjusted basic loss per share was €0.14 (FY20: profit of €0.07).

Basic earnings/(losses) per share are calculated by dividing net profit/(loss) for the year attributable to the Group (i.e. after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Diluted earnings/(losses) per share have been calculated on a similar basis taking into account dilutive potential shares.

Adjusted basic earnings are presented to eliminate the effect of the exceptional items, amortisation and impairment of intangible assets, gains on financial instruments and performance share plan costs (considering the tax effect of these adjustments).

Strategic Report

	Year ended 31 December 2021	Year ended 31 December 2020
Earnings for the period attributable to shareholders (€000)	(6,712)	252
Weighted average number of shares	46,640,000	46,640,000
Basic earnings per share (€)	(0.14)	0.00
Adjusted basic earnings per share (€)	(0.5)	0.07
Dilutive weighted average number of shares	47,987,728	47,987,728
Diluted earnings per share (€)	(0.14)	0.00
Adjusted diluted earnings per share (€)	(0.05)	0.07

The Board believed it was in the best interest of the Company not to pay a dividend in relation to FY2021, and investors should not anticipate a dividend in 2022.

FINANCIAL POSITION
Cash and cash equivalents totalled €0.4m at 31 December 2021 compared to €3.6m as at 31 December 2020. The decrease year on year was driven principally by increased operating costs and the impact of the delay in payments from Nobiskrug. As a result, the net debt as at 31 December 2021 was €18.7m, compared to €11.7m as at 31 December 2020.

As previously mentioned, the administration at Nobiskrug had a material, detrimental effect on the Group's working capital position. To ensure sufficient liquidity to avoid a working capital shortfall, North Atlantic Smaller Companies Investment Trust plc ("NASCIT", an associate of Harwood Capital LLP ("Harwood"), the Company's second largest shareholder) provided the Group with a short-term loan for €3.0 million which was repayable on 31 December 2021. The loan facility was fully drawn on 28 July 2021 and replaced in December 2021 with a loan from Harwood Capital, subsequently restructured post year end and partially repaid. At 26 April 2022, the outstanding balance of €1.0 million was scheduled to be repaid by 31 July 2022.

Total net assets on the balance sheet were €6.8m as at 31 December 2021, compared to €13.5m as at 31 December 2020.

CASH FLOW
Net cash outflow from operating activities was €2.7m for the year (FY20: outflow €0.3m). Net cash used in investing activities was €1.6m for the year (FY20: outflow €3.4m). Net cash used in financing activities was €1.1m for the year (FY20: inflow €1.6m) mainly corresponding to the new Harwood loan, increased use of working capital facilities and new finance leases.

Overall net cash outflow for the year was €3.2m compared to €1.9m for FY20.

SUBSEQUENT EVENTS
In January 2022, the Group reached an agreement with the new owner of the Nobiskrug shipyard in relation to the large Refit project. Under the terms of the new agreement, the Group agreed to complete the project on broadly similar commercial terms to the original contract and received payment for the outstanding invoices in relation to that project, totalling €2.0m. A bad debt provision of €772k was recognised during the year in relation to the remaining outstanding invoices with Nobiskrug.

FINANCIAL OUTLOOK
As set out in the Chief Executive's Report, the Directors are confident about the Group's prospects going forward. That having been said, the uncertainty surrounding the current geopolitical situation is significant and is discussed in detail in the Chief Executive's report. For this reason, the audit opinion in the 2021 accounts contains a material uncertainty in respect of going concern as relates to severe but plausible downside risk although the audit opinion will remain unqualified. As mentioned in the Chairman's statement, the Directors are reviewing the Group's capital structure to ensure that it will optimise the Group's ability to grow the business successfully.

The other significant external factor that is impacting the global economy is the inflationary pressures that arose prior to the current geopolitical problems. All major economies are experiencing significant inflation in the cost of raw materials which is feeding through to the costs of goods purchased. Wage inflation is also a significant issue across Europe and the USA.

The majority of the Group's employees are based in Spain. Wage inflation from 2021 to 2022 was capped at approximately 2.5%. In terms of materials, the Group is seeing prices rise by 5% to 10% depending upon the product. We were able to negotiate terms with our principal paint suppliers that will protect us against further rises until 2023. The largest inflationary pressures are in the cost of energy. GYG is not an energy intensive business so the Directors do not believe that increased energy costs will have a material impact on the Group's prospects in 2022.

As things stand today, the Directors are confident of the Group's ability to trade successfully through this going forward but, like all businesses, we are operating in a rapidly changing environment.

Kevin McNair
Chief Financial Officer

27April 2022

KEY PERFORMANCE INDICATORS

KPI	31.12.2021	31.12.2020
Revenue	€62.8m	€58.9m
Gross margin	15.8%	30.7%
Adjusted EBITDA (loss)/profit	€0.5m	€5.1m
Adjusted EBITDA margin	0.8%	8.7%
Operating (loss)/profit	(€6.1m)	€1.2m
External net debt	€18.7m	€11.7m
Order Book	€55.4m (Feb 22)	€52.9m
Cash	€0.4m	€3.6m
Net Assets	€6.8m	€13.5m
Average number of employees	432	395

Strategic Report

RISK MANAGEMENT AND PRINCIPAL RISKS

Category	Risk	Description	Mitigation
COMMERCIAL	**Business and competitive environment**	• The Group operates in a competitive environment. • A substantial portion of current revenues are generated from recurring clients and the loss of any of these would adversely affect the Group. • Refit still represents the main key segment for the Group, introducing cyclicality in the Group's business. A correct balance between New Build, Supply and Refit would help to reduce this adverse impact of the refit cyclicality. • The Group's business is reliant on demand for new super yachts and the demand from ultra-high net worth yacht owners, which may not grow as anticipated or may be impacted by general political and economic conditions and/or changes in regulations. • The current geopolitical situation is creating uncertainty in the superyacht sector as an estimated 7-9% of the market is Russian owned and many of those owners are currently subject to sanctions.	• Ensure continuous high-level quality standards in all services and products. • Programme to improve the effectiveness of our projects and ensure that we optimise the performance of our current production capacity. • Continuous market analysis to detect new opportunities. • Expansion of client base and diversification of geographical location of key customers. • Continue establishing long term relationships with our clients. • Ensuring that the Group continues to maintain diversity in terms of the ownership mix of the boats on which it works.
REPUTATIONAL	**Reputational risk**	• The Group's brands, image and reputation constitute a significant part of our value proposition. Accordingly, any event, such as adverse publicity, current geopolitical issues or a significant project failure or warranty claim, that could damage the Group's image, reputation or brand, could have a material adverse effect on its business.	• Compliance in all regulatory matters. • Ensure high level quality in all services and products. • A properly conceived and adequately resourced communication and branding policy. • Avoiding working with individuals or specific boats which are owned by or associated with sanctioned or politically controversial individuals.

Strategic Report

Category	Risk	Description	Mitigation
HUMAN RESOURCES	**Key person dependency**	• The Group's business depends on key senior management and highly skilled and technical employees. The departure of any such personnel or the failure to recruit and retain additional personnel, could adversely affect the Group's business.	• Executive Directors are significant shareholders in the Company and have a vested interest in ensuring its continued success. • Succession planning is in place for senior positions. • Ensure compensation and benefits are appropriate to the position, with particular attention paid to those in key roles to help ensure the long-term success of the Group.
OPERATIONS	**Adverse weather and changes in pattern cruises**	• Hurricanes or violent storms could cause relevant delays in operations. Due to our asset light model, the risk of suffering assets damages is not relevant but there could be a change in the cruising patterns and conflict with the capacity plan causing potential delays.	• Analysis of weather forecasts. • In case of adverse weather, relocating the work as a consequence of the different locations in which the Group operates and/or evaluate potential changes in the expected starting/completion dates.
Operational	**Coronavirus (COVID-19)**	• The impact of the virus pandemic on operations across the Group.	• Continue to maintain a flexible workforce that can be used across multiple shipyards and geographies as restrictions are imposed. • Ensure that our workforce is vaccinated and that our operating procedures minimise the risk of infection wherever possible
FINANCE	**Debt Management**	• Financial capacity to handle acquisitions and growth opportunities. • The Group must ensure that it has an adequate level of facilities to provide sufficient funding to operate its businesses. • Inability to meet financial commitments.	• Regular cash flow forecasts are prepared and reviewed. • The financial reporting model used to manage the cash flow includes the analysis and follow-up of financial covenants. • The levels of drawn and undrawn facilities are permanently reviewed and the headroom of the available banking facilities and covenant position are also reviewed and discussed at Board level on a monthly basis.

Strategic Report

Category	Risk	Description	Mitigation
FINANCE	**Impairment**	• The future expected cashflows to be generated by the Group's assets, either intangible or financial, fail to materialise.	• With regards to intangible assets, Management regularly reviews forecasts of the expected performance of each cash generating unit (CGU). To the extent that those forecasted cashflows do not justify the value of the associated intangible asset, an impairment charge is taken to recognise the loss of carrying value of the asset. • With regard to financial assets, Management regularly reviews the recoverability of those assets. To the extent that Management conclude that they will not be able to recover the full value of those assets, an impairment charge is taken to recognise the loss of carrying value of the asset.
FINANCE	**International taxation**	• Individual countries can either increase or decrease their rates of corporation tax and other local taxes which may have a material impact on the profitability and cashflow of the Group.	• The Group regularly reviews specific rates of taxation in the countries where it operates. To the extent that it is commercially practical, Management will try to locate commercial operations in localities which have the most beneficial tax regimes.
FINANCE	**Inflation**	• Current inflationary pressures are pushing up the price of both labour and materials.	• Wherever possible, the Group has negotiated supply arrangements with its suppliers to lock in prices for goods and services • The Group has worked with its workforce representatives to arrange below inflation level wage increases that will protect the Group for the current fiscal period. • The Group has also increased the prices that it charges its clients and customers in both the Coatings and Supply divisions to mitigate the impact of inflation of profitability

COVID-19 REPORT

In Q1 of 2020, the COVID pandemic rapidly spread across Europe and the US. The Group developed a strategy for responding to the pandemic based on three pillars:

- Looking after the health and wellbeing of our staff;
- Working with our clients and suppliers to ensure that we were able to continue delivering high quality products and services in a challenging and dynamic environment; and
- Reshaping our business and reducing costs to give us the flexibility required to respond to the pandemic and rapidly changing commercial situation.

Each of the countries where we operate was impacted in different ways based on the timing and speed of the pandemic and the response of local government and the shipyards where we work. What was relatively consistent across all sites was the actions we took within each of the pillars.

Over the course of 2021, the impact of the pandemic began to lessen. Each country set its own restrictions and those evolved throughout the year. Testing and tracing remained in place throughout the year in every country where the Group operates. This was a welcome alternative to the travel restrictions that had so badly impacted 2020. The operational impact decreased with each passing month and the successful rollout of vaccines allowed significantly less restrictive travel and work practices as the year progressed.

By the beginning of 2022, the impact of the pandemic, while still present, was marginal in terms of operations. Assuming that no further variants emerge which cause a return to previous restrictions, the Directors do not believe that the pandemic will have a material effect on the Group going forward.

Financial impact

Although the Directors are confident that the Group responded rapidly and effectively to the evolving pandemic in both 2020 and 2021, there were still material financial impacts on the Group during both periods.

On the cost side of the equation, the Group incurred significant additional costs as it responded to the pandemic and the changes in operating practices. Some of those costs were new or additional costs that were specifically related to COVID such as PCR testing, specialised cleaning services or additional PPE for all staff.

Other existing costs increased significantly due to new safety protocols. A good example of that is the requirement for us to move and house workers who were travelling on a socially distanced basis. Rather than moving four employees in a rental car from one country to another, we could only move two people per vehicle. At different times, we would have to quarantine our own staff or subcontractors for anywhere from five days to two weeks before they could enter certain countries or work in certain shipyards.

Lastly, there was a loss of efficiency in certain parts of the Group resulting from new safety practices. In many shipyards, our workers were required to have their temperatures taken each day before a shift started. Social distancing restricted the numbers of workers we could have within any enclosed environment at one time.

As mentioned previously, many of these restrictions were either relaxed or eliminated over the course of 2021.

In 2021, the significant COVID related costs totalled €1.8m (2020: €0.8m) and these have been treated as exceptional. These costs in 2021 were comprised of PCR tests, additional accommodation and associated travel costs incurred specifically as a result of COVID. By early 2022, rules and restrictions related to COVID had been relaxed to the point that the Group was not having to absorb these additional costs any longer.

Moving forward, the remaining costs associated with COVID will be treated as ordinary operating expenses. Barring any unforeseen future developments, the impact of COVID on the Group's financial results should be insignificant.

Strategic Report

SECTION 172(1) STATEMENT

The Directors acknowledge their duty under s172 of the Companies Act 2006 and consider that they have, both individually and together, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, they have had particular regard to:

- **the likely consequences of any decision in the long term**
  The Group's long-term strategic objectives, including progress made during the year, and principal risks to these objectives, are set out in the Chief Executive's Review on pages 5 to 12 and in the Risk Management and Principal Risks section on pages 16 to 18 respectively.

- **the interests of the Company's employees**
  Our employees are fundamental to us achieving our long-term strategic objectives, as more fully explained in Principle 3 of the Corporate Governance Statement on pages 28 to 30;

- **the need to foster the Company's business relationships with suppliers, customer and others**
  A consideration of our relationship with wider stakeholders and their impact on our long-term strategic objectives is also disclosed in Principle 3 of the Corporate Governance Statement on pages 28 to 30;

- **the impact of the Company's operations on the community and the environment**
  The Group operates honestly and transparently. We consider the impact on the environment on our day-to-day operations and how we can minimise this. Further disclosure on how we promote a corporate culture based on ethical values and behaviours is included in Principle 8 of the Corporate Governance Statement on page 34;

- **the desirability of the Company maintaining a reputation for high standards of business conduct**
  Our intention is to behave in a responsible manner, operating within the high standard of business conduct and good corporate governance. Not only is this covered in our Corporate Governance Statement on pages 27 to 35, but is also epitomised in our risk management framework on pages 16 to 18; and

- **the need to act fairly as between members of the Company**
  Our intention is to behave responsibly towards our shareholders and treat them fairly and equally, so that they too may benefit from the successful delivery of our strategic objectives.

The Strategic Report, comprising pages 3 to 20, has been approved by the Board and is signed by order of the Board by:

Remy Millott
Chief Executive Officer

27 April 2022

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Cannon Place
78 Cannon Street
London
EC4N 6AF
United Kingdom
Registered number: 10001363 (England & Wales)

Directors' Governance Report

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Richard McGuire (Independent Non-Executive Chairman)
Richard has extensive experience of investment markets, having worked within private equity, investment banking, institutional asset management companies and as a board member of various listed companies. His most recent roles were with Sportech plc which he joined in 2016 as a Non-executive Director, becoming Chairman in 2017 and then Chief Executive Officer in 2019, overseeing a major restructuring of the business completed in August 2021 when he stepped down from Sportech's board. Richard re-joined the Sportech board in April 2022 and is the company's Non-executive Chairman.

Richard has also previously served as a Non-executive Director of Timeweave plc and Mitchells & Butlers plc. He has, in the past, also held management positions at Tavistock Group, Citigroup, Salomon Brothers and HSBC.

Richard is Chairman of the Remuneration Committee and Nomination Committee, and is a member the Audit Committee. Richard was appointed to the Board on 15 December 2021.

Remy Millott (Chief Executive Officer)
Remy has been in the yachting industry for 40 years, having begun his offshore career in 1982, he quickly progressed, becoming a yacht Captain by the age of 29.

He joined Pinmar in 1996 and in 2003 led the management buyout in partnership with the Ferretti Group, becoming Managing Director in the process. Following a growth phase under partial Ferretti ownership, he led the acquisition of the scaffolding business in 2005 and the US business in 2009, the buy-back of the Ferretti shares in 2009 and subsequently the merger of Pinmar and Rolling Stock in 2012, to create GYG. In 2016 he also led the investment into the Group by Lonsdale the Private Equity Fund and the IPO in 2017.

Remy was appointed to the Board on 3 March 2016.

Kevin McNair (Chief Financial Officer)
Kevin has more than 30 years' experience in financial management and capital markets. He has spent the past 20 years as finance director/chief financial officer of various publicly quoted and privately-owned businesses, most recently as interim CFO at Ebiquity plc. His previous roles have focused principally on project-based businesses similar to GYG. He also has extensive experience in mergers and acquisitions.

Kevin was appointed to the Board on 19 September 2019, having been the Group's Interim Chief Financial Officer since 11 March 2019.

Rupert Savage (Chief Commercial Officer)
Rupert has over 30 years of yachting industry experience, was a highly respected yacht captain for over 16 years and is still a keen racing yachtsman. He moved ashore and joined Rolling Stock in 2006 where he became Managing Director and was instrumental in the development and growth of the business into a leading player in the yacht painting and service sector.

Rupert has been responsible for the integration of the various Group companies, running the business on a day-to-day basis. He is now focused on the Group's commercial development and continues to be influential in the strategic growth of the business. Rupert was appointed to the Board on 3 March 2016.

Richard King (Independent Non-Executive Director)
Richard spent 35 years with Ernst and Young LLP becoming deputy Managing Partner of UK & Ireland and a member of both the Europe, Middle East, India and Africa (EMEIA) Board and Global management group. Since leaving EY, Richard has been involved either as chairman or non-executive director on a variety of private and public companies and has been involved in company disposals in excess of £400 million. Richard currently serves as a non-executive director of Odyssean Investment Trust PLC, is chair of trustees for the Willow Foundation, and is also a trustee of FareShare, the UK's national network of charitable food redistributors.

Richard serves as the Chairman of the Audit Committee and is a member of both the Remuneration Committee and the Nomination Committee. Richard was appointed to the Board on 5 July 2017.

SENIOR MANAGEMENT

Peter Brown (Managing Director, USA)
Peter has been involved in the Superyacht industry for over 40 years, having had a successful career at sea and as a yacht captain for over 16 years. He joined Pinmar in 1998 to develop the Barcelona facility and later became the General Manager of Pinmar. Peter headed up the expansion of Pinmar into the New Build sector in Germany in 2005, after which he took over Pinmar USA as Managing Director. As Peter continues to run the US business and its expansion, he also supports the Group on special projects using his deep experience of the yachting industry.

Directors' Governance Report

DIRECTORS' REPORT

The Directors present their report together with the audited consolidated financial statements for the year ended 31 December 2021. The Corporate Governance Statement on pages 27 to 35 also forms part of this Directors' Report.

General information and principal activities
GYG plc is a public limited company incorporated in the United Kingdom, registered number 10001363, which is listed on the AIM market of London Stock Exchange plc. Its principal activity is that of a holding and investment company.

The principal activity of the Group in the year under review was that of a superyacht painting, supply and maintenance company, offering services globally through operations in the Mediterranean, Northern Europe and the US.

Review of business and future developments
The Chairman's Statement on pages 3 and 4, the Chief Executive Officer's Report on pages 5 to 12 and the Strategic Report on pages 3 to 20 provide a review of the business, the Group's trading for the year ended 31 December 2021, key performance indicators, risk and an indication of likely future developments in the business of the Group.

Results and dividend
The Group has reported its consolidated financial statements in accordance with UK adopted International Accounting Standards. The results for the period and financial position of the Company and the Group are set out in the financial statements and are reviewed in the Strategic Report.

The Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. Subject to the Companies Act 2006, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. All dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares.

As stated in the Chairman's Statement on page 3, the Board believed it was in the best interests of the Company not to pay a dividend in relation to FY2021 and investors should not anticipate a dividend in 2022.

Directors
The Directors of the Company who served during the year ended 31 December 2021, and up to the date of signing of this report, were:

Director	Executive Director	Non-Executive Director	Independent
Richard McGuire (appointed 15 December 2021)		●	●
Stephen Murphy (resigned 15 December 2021)		●	●
Remy Millott	●		
Kevin McNair	●		
Rupert Savage	●		
Richard King		●	●

The brief biographical details of the currently serving Directors are given on page 21.

Election of Directors
The appointment of each of the Chairman and the other Non-Executive Director is for an initial term of three years, with such appointments being terminable by either the Company or the individual Director on three months' notice. Each appointment is contingent on satisfactory performance and to the re-election criteria more fully explained in the following paragraph.

The Company's articles of association state that all Directors are subject to election by shareholders at the first annual general meeting ("AGM") following their appointment by the Board. Accordingly, Richard McGuire, who was appointed as a Director on 15 December 2021, will retire at the 2022 AGM of the Company and, being eligible, will offer himself for election.

At subsequent AGMs, one-third of the Directors must retire from office (or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third (unless their number is fewer than three, in which case one of them shall retire)). In this regard, the Director who has been selected to retire and, being eligible, will offer himself for re-election at the 2022 AGM, is Richard King.

Directors’ Governance Report

Directors’ interests
The Directors’ interests in the Company’s shares and options over ordinary shares are shown in the Directors’ Remuneration Report on page 44.

No Director has any beneficial interest in the share capital of any subsidiary or associate undertaking.

Directors’ remuneration
Details of the Directors’ remuneration appear in the Directors’ Remuneration Report on pages 40 to 45.

Directors’ indemnity provisions
As permitted by the Company’s articles of association, the Directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by s236 of the Companies Act 2006. The indemnity was in force throughout the financial period and at the date of approval of the financial statements. In addition, the Group has purchased and maintains Directors’ and Officers’ liability insurance in respect of itself and its Directors.

Statement of engagement with suppliers, customers and others in a business relationship with the Group
The Directors are mindful of their statutory duty to act in a way they each consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, as set out in the s172(1) statement on page 20. A review of the Group’s approach to developing and maintaining relationships with its wider stakeholders, and the impact on the Group’s long-term strategic objectives, is set out under Principle 3 of the Corporate Governance Statement on pages 28 to 30.

Streamlined Energy and Carbon Reporting (“SECR”)
The Group’s UK energy and carbon information is not disclosed under the SECR regulations as the Company and its UK subsidiary qualify as low energy users in the UK, having consumed less than 40MWh during the reporting period.

Political and charitable donations
The Company made no political donations during the reporting period. The Company did make a number of charitable donations during the year, in particular by:

- supporting the Superyacht Charities Seafarers Supper and Brunch in Palma, Mallorca (www.superyachtcharities.com/supper/);
- sponsoring Mark Delstanche as he became the first person in the world to ever row solo and unsupported from New York to London (www.northatlanticsolo.com/ and www.facebook.com/square.peg.102);
- supporting the 6points Challenge in Mallorca (www.6pointschallenges.com/) by donating directly to their chosen charities Asdica and Yachting Gives Back;
- sponsoring Team Roaring 40’s who will be partaking in the Talisker Whisky Atlantic Challenge in 2022, the event having been postponed from 2021 (www.roaring40s.co.uk/); and
- sponsoring Frederick Medina’s parabadminton career, further details of which are set out in the Corporate Governance Statement on page 29.

Financial instruments – risk management
The Group’s financial risk management policy is set out in note 23 in the notes to the consolidated financial statements.

Share capital structure
The Company’s share capital, traded on AIM, comprises of a single class of ordinary shares of £0.002 each in nominal value, each carrying one vote and all ranking equally.

Holders of ordinary shares are entitled to receive all shareholder documents, to attend, speak and exercise voting rights, either in person or by proxy, on resolutions proposed at general meetings, and to participate in any distribution of income or capital. There are no restrictions on the transfer of shares in the Company or in respect of voting rights attached to the shares. None of the shares carry any special rights with regard to the control of the Company.

Movements in the Company’s issued share capital during the year under review are set out in note 20 to the financial statements.

As at 31 December 2021, the Company had 46,640,000 fully paid ordinary shares in issue, of which 24,500 ordinary shares were held in treasury by the Company.

Treasury shares
As the Company has only one class of share in issue, it may hold a maximum of 10% of its issued share capital in treasury. As at 31 December 2021, 0.05% of the Company’s shares were held in treasury. Legislation restricts the exercise of rights on ordinary shares held in treasury. The Company is, therefore, not permitted to exercise voting rights conferred by the shares whilst they are held in treasury, and it is also prohibited from paying any dividend or making any distribution of assets on treasury shares.

Directors' Governance Report

Once in treasury, shares can only be sold for cash, transferred to an employee share scheme or cancelled. During the 2021 financial year, no shares were transferred out of treasury.

Major interests
As at 26 April 2022, being the latest practicable date prior to the publication of this report, the Company had been notified of the following shareholdings amounting to 3% or more of the issued share capital of the Company:

Shareholder	Number of shares held	% of total voting rights
Lombard Odier Asset Management (Europe) Limited*	12,535,550	26.89%
Harwood Capital	9,557,539	20.51%
Close Brothers Asset Management	4,623,225	9.92%
Remy Millott	3,270,863	7.02%
Rupert Savage	2,716,981	5.83%
GAM London	2,200,274	4.72%
Peter Brown	1,965,975	4.22%

* Disclosure on behalf of accounts managed on a discretionary basis by Lombard Odier Investment Managers group.

Warrants and share options
As anticipated in the Admission Document published in June 2017, the Company granted a warrant to its then Nominated Adviser, Zeus Capital Limited, to subscribe for 466,400 ordinary shares, being equal to 1% of the ordinary share capital following Admission at a price per ordinary share of 131 pence. The Zeus warrant is capable of exercise during the period starting on the first anniversary of Admission and ending on the sixth anniversary of Admission. Further details are set out in note 22 to the financial statements.

As at 26 April 2022 (being the latest practicable date before the publication of this document), options to subscribe for shares awarded under the GYG Performance Share Plan 2017 were outstanding which entitle their holders to acquire 354,639 ordinary shares of £0.002 per share.

Purchase of own shares by the Company
The Companies Act 2006 (the "CA 2006") permits a public company to purchase its own shares in accordance with powers contained in its articles of association and with the authority of a resolution of shareholders.

The Company was authorised at the 2020 AGM to purchase its own shares, within certain limits and as permitted by the articles of association. A renewal of this authority was proposed as a special resolution at the 2021 AGM which required a 75% majority of the votes to be cast in favour, and was narrowly defeated with 74.38% of votes cast voting in favour.

The Directors believe that the Company should be authorised to take advantage of the provisions contained in CA 2006 and therefore, pursuant to the power contained in the Company's articles of association, a special resolution will once again be proposed at the 2022 AGM seeking shareholder approval to allow the Company to make market purchases of the Company's ordinary shares on such terms and in such manner as the Directors may determine from time to time, subject to the limitations set out in the resolution which is contained in the notice of AGM set out on pages 95 to 100. If the resolution is passed at the 2022 AGM, the Company will be authorised to purchase up to a maximum of 6,992,325 ordinary shares, being 15% of the Company's issued ordinary share capital (excluding treasury shares) on 26 April 2022 (being the latest practicable date prior to publication of this report). The resolution sets out the minimum and maximum price that the Company may pay for purchases of its ordinary shares.

Your Directors are of the opinion that it is advantageous for the Company to have the flexibility to purchase its own shares should the Board deem such action appropriate. The Directors have no present intention of exercising the authority to purchase the Company's ordinary shares but will keep the matter under review, taking into account the financial resources of the Company, the Company's share price, future investment opportunities and the overall position of the Company. The authority will be exercised only if the Directors believe that to do so would result in an increase in earnings per share and would be in the interests of shareholders generally. Shares purchased would either be cancelled and the number of shares in issue reduced accordingly or held as treasury shares.

During 2021, the Company did not purchase any shares to be held in treasury. The number of shares held in treasury as at 31 December 2021 was 24,500 (2020: 24,500), and it is anticipated that these shares will principally be used to satisfy awards under the Company's employee share incentive scheme.

Directors' Governance Report

Change of control
The Group's banking arrangements are subject to a change of control clause which would require the immediate repayment of the borrowing facilities unless the Group receives a waiver to this condition. Aside from that, the Group is not party to any significant agreement which takes effect, alters or terminates upon a change of control of the Company other than the Directors' service contracts, details of which are set out in the Directors' Remuneration Report on pages 40 to 45.

Going concern
These financial statements have been prepared on a going concern basis, which assumes the Group and parent company will continue to be able to meet their liabilities as they fall due, within 12 months of the date of approval of these financial statements.

The Group meets its day-to-day working capital requirements from cash flows generated from operations, factoring and banking facilities. The Group and parent company also has various committed loan facilities which include:

- Bank loan €2m – Due for repayment in two €1m repayments in June 2022 and December 2022, which is subject to covenants and repayable on demand if covenants are breached. During the year the Group and parent company have received waivers for potential breaches of banking covenants, but no waivers are in place for any potential breaches occurring in the period of 12 months from the date of approval of the financial statements;
- Government backed COVID-19 loan facility ("ICO") €3.5m – Due for repayment over 48 equal instalments commencing June 2022; and
- Harwood facility €3m – €2m has been repaid after the year end and the remaining amount is due for repayment in July 2022.

In evaluating the going concern assumption, management prepared a base case and severe but plausible downside profit and loss and cash flow forecasts to June 2023, the going concern assessment period. The significant assumptions in these models are the timing work will be undertaken, the margin achieved and the impact these have on forecasted cash flow.

The base case model demonstrates that the Group and parent company will breach covenants on its bank loan but assumes that it will be successful in negotiating waivers. A breach of covenant is an event of default, and would require management to seek a covenant waiver from the Group's lenders, renegotiate the facilities with those lenders or repay the Group's existing lenders and seek sources of alternative funding. Without covenant waivers being obtained, the debt becomes repayable on demand in the event of a breach with there being forecasted sufficient funds to repay the debt in the base case scenario and continue to meet its obligations as they fall due.

Management has prepared a severe but plausible downside scenario. Under this scenario, the Group and parent company continue to forecast a breach in covenants but, without sufficient waivers, would not have sufficient funds to repay the underlying loans without securing additional sources of financing. Management are confident that a refinancing would be successful if required, but have not yet commenced formal discussions with their lenders at this stage and therefore there is no guarantee that such funding will be forthcoming. Even if a waiver is obtained for the June 2022 assessment period, in a severe but plausible scenario the group and parent company would still need to raise alternative funding during Q3 2022 in order to meet its obligations as they fall due.

If waivers are successfully agreed with the lenders, the base case forecast indicates that the Group will continue to operate within its available facilities for a period of no less than 12 months from the date of approval of the financial statements, including the settlement of the loan facilities above in line with contractual terms.

These covenants have been forecast to be breached for each assessment period for the past two years. The Group has successfully obtained waivers from the banking syndicate for the past two years and therefore management fully expect to receive a covenant waiver for June 2022, which is the final covenant assessment period. Management have commenced discussion with their lenders, however a waiver has not been obtained at the date of approval of these financial statements.

Given the information available, an expectation that any forecast covenant breach would be waived, current trading and orders being received, management are confident that the forecasts will be met, and sufficient liquidity will be available to meet liabilities as they fall due, including the payment on the existing loan facilities, for a period of no less than 12 months from the date of approval of these financial statements and therefore believe it is appropriate to prepare the financial statements on a going concern basis.

However, waivers have not yet been secured from their lenders in respect of forecast breaches, and there is currently no commitment for any refinancing that may be necessary in the event that waivers are not granted.

These factors indicate the existence of a material uncertainty which may cast significant doubt as to the Group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

Directors' Governance Report

Independent auditor
PricewaterhouseCoopers LLP have indicated that they are willing to continue in office as the Group's auditor.

The auditor of a public company must be appointed at each general meeting at which accounts are laid. A resolution to re-appoint PricewaterhouseCoopers LLP as auditor to hold office until the conclusion of the next AGM of the Company will be proposed at the 2022 AGM.

Statement of disclosure of information to the auditor
As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware, and each Director has taken all reasonable steps as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Employment policies
The Group's key operating businesses are empowered to manage within the context of the different legislative and social demands of the diverse countries in which those businesses operate. Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- adherence to national legal standards on employment and workplace rights at all times;
- continual promotion of safe and healthy working practices;
- provision of opportunities for employees to enhance their work-related skills and capabilities; and
- adoption of fair and appropriate procedures for determining terms and conditions of employment.

It is the Group's policy that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. The Group endeavours to retain the employment of, and arrange suitable retraining, for any employees in the workforce who become disabled during their employment. Where possible the Group will adjust a person's working environment to enable them to stay in its employment.

The Group promotes an inclusive and diverse environment where every colleague is valued and respected for who they are, and has the opportunity to fulfil their potential. The Group is focused on providing a workplace where everyone can thrive and has introduced a number of Group-wide actions to encourage this. Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

2022 AGM
The 2022 AGM of the Company will be held at the offices of FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD on 31 May 2022 at 2.00 pm. The notice convening the AGM (the "Notice") together with a summary of the business to be transacted is set out on pages 95 to 100 and is also available on the Company's website at www.gygplc.com

Whilst it is currently anticipated that shareholders will be able to attend the AGM in person, the Company is committed to following applicable Government COVID-19 guidance, and any restrictions in place as at the date of the meeting will be observed.

Shareholders are invited to submit questions to the Company in advance of the AGM by sending an email to **gyg@fticonsulting.com** by 25 May 2022, and answers to the questions will be given at the meeting and returned to shareholders. The Board will be available for shareholder meetings or virtual meetings, upon request.

The Company will continue to review Government guidelines and any changes to the AGM arrangements will be communicated to shareholders before the meeting through the Company's website (www.gygplc.com) and, where appropriate, by RNS announcement.

Approved by the Board of Directors on 27 April 2022 and signed by its order:

Sue Steven
Company Secretary

27 April 2022

Directors' Governance Report

CORPORATE GOVERNANCE STATEMENT

An introduction from the Chairman

Dear Shareholders,

I am pleased to present my first corporate governance report, having joined the Board as independent Non-Executive Chairman on 15 December 2021.

As Chairman of GYG plc, I am responsible for leading the Board so as to ensure that the Group has in place the strategy, people, structure and culture to deliver value to shareholders and other stakeholders of the Group as a whole over the medium to long-term. On behalf of the Board I am, therefore, pleased to present our Corporate Governance Statement for the year ended 31 December 2021.

High standards of corporate governance are a key priority for the Board of GYG plc and the Board has adopted the 2018 Quoted Companies Alliance Corporate Governance Code (the "QCA Code") as the basis of the Group's governance framework. The Company complies with the QCA code in so far as is practical given the size of the Company and nature of its operations.

As individual Directors we are mindful of our statutory duty to act in the way each of us considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, as set out in our s172(1) statement on page 20.

It is the responsibility of the Board to ensure that the Group is managed for the long-term benefit of all shareholders and stakeholders, with effective and efficient decision-making. Corporate governance is an important aspect of this, reducing risk and adding value to our business. Our effective risk management framework continues to support the business and we have adapted to operating within the challenges and restrictions imposed as a result of the ongoing global COVID-19 pandemic, and the business has demonstrated admirable operational resilience, albeit with inevitable cost implications which we continue to work minimise. Throughout the pandemic, the Group has maintained operations with enhanced health and safety protocols in place for front line staff, and all back-office staff have migrated seamlessly to the home working environment as and when required by the various government guidelines and regulations.

The QCA Code sets out ten principles, in three broad categories, and in this Corporate Governance Statement I have set out the Group's application of the QCA Code and the Companies Act 2006, including, where appropriate, cross references to other sections of the annual report and to our website.

Richard McGuire
Chairman

27 April 2022

Directors' Governance Report

QCA PRINCIPLES

DELIVER GROWTH

1. Establish a strategy and business model which promote long-term value for shareholders

GYG plc has a long-established reputation in European marine supply and the global superyacht Coatings segment. The Group is growing its market share in the New Build sector by developing long term relationships with leading shipyards across Europe, and continues to enhance its international footprint in the Refit sector through both its existing relationships and its extensive contacts across the industry.

The Board has established a strategy and business model which seek to promote long-term value for shareholders and has identified the following key areas of operation to focus on improving on the Group's performance going forwards:

- leverage market leading position across all segments;
- enter into new agreements with shipyards to create long-term partnerships;
- generate further operational efficiencies and synergies;
- expanding the marine supply offering; and
- acquisition-led growth where and when appropriate to expand the business model.

A fuller explanation of how the strategy and business model are executed is set out on pages 3 to 20 of the Strategic Report.

2. Seek to understand and meet shareholder needs and expectations

The Company recognises the importance of engaging with its shareholders and reports formally to them when its full-year and half-year results are published. At the same time, Executive Directors present the results to institutional investors, analysts and the media. The Non-Executive Directors are available to discuss any matter stakeholders might wish to raise, and the Chairman and the other independent Non-Executive Director attend meetings with investors and analysts as required. The Chairman writes to major shareholders once a year offering them the opportunity to meet with him. In view of the ongoing global COVID-19 pandemic, since March 2020, regular contact has been maintained with investors and analysts primarily via video conference or telephone, rather than through face-to-face meetings.

At every Board meeting, the Chief Executive Officer and the Chief Financial Officer provide a summary of the content of any engagement they have had with investors to ensure that major shareholders' views are communicated to the Board as a whole. The Board is also provided with brokers' and analysts' reports when published. This process enables the Chairman and the other Non-Executive Director to be kept informed of major shareholders' opinions on strategy and governance, and for them to understand any issues or concerns.

Shareholders are usually encouraged to attend the AGM at which the Group's activities and results are considered, and questions answered by the Directors. However, given the ongoing COVID-19 pandemic and the associated UK Government measures, including restrictions on public gatherings, attendance was not permitted last year. Shareholders were, however, invited to submit questions by email to the Company prior to the AGM.

General information about the Group is also available on the Company's website (www.gygplc.com). This includes an overview of activities of the Group and details of all recent Company announcements.

The Company receives occasional feedback direct from investors, which is carefully considered by the Board, with appropriate action being taken where the Board believes it in the interests of shareholders to do so. None of the feedback received from investors has involved non-compliance with the QCA Code.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

In addition to its shareholders, the Company believes its main stakeholder groups are its employees, clients, suppliers and relevant statutory authorities in its areas of operation.

The Group encourages feedback from its customers through engagement with individual customers and relevant advisors. As a consequence of such feedback, our Supply division has responded to customer demand to stock eco-friendly solutions by launching a new refill station with a range of 'green' day-to-day cleaning products.

The Group recognises the increasing importance of corporate social responsibility and endeavours to take it into account when operating its business in the interests of its stakeholders, including its investors, employees, customers, suppliers, business partners and the communities where it conducts its activities.

Directors' Governance Report

The Board recognises the benefits of a diverse workforce which enables the Group to make better decisions about how to optimise resources and work by eliminating structural and cultural barriers and bias. It allows the Group to protect and enhance its reputation by recognising and respecting the needs and interests of diverse stakeholders; to deliver strong performance and growth by attracting, engaging and retaining diverse talent; and to innovate by drawing on the diversity of perspectives, skills, styles and experience of its employees and stakeholders.

The Group is committed to ensuring that it treats its employees fairly and with dignity. This includes being free from any direct or indirect discrimination, harassment, bullying or other form of victimisation. The Group has policies in place to encourage employees to speak up about any inappropriate practices or behaviour.

The Group believes that having empowered and responsible employees who display sound judgement and awareness of the consequences of their decisions or actions, and who act in an ethical and responsible way, is key to the success of the business. Feedback from employees is received from employee representatives who meet with management on a regular basis to discuss business-related issues.

As a result of such feedback, the Group, with the support of Spanish government and EU funding, established an apprenticeship programme for yacht painters. Due to the ongoing global COVID-19 pandemic, this initiative had been temporarily suspended but was re-commenced in September 2021. The Group's HR team also works closely with local technical colleges to identify individuals who would be suitable to participate in the Group's in-house training programmes in various different departments within the business.

During 2021, the Group engaged in a number of charitable activities as more detailed in the Directors' Report on page 23. However, the Group was particularly pleased to announce its sponsorship of Frederick Medina's parabadminton (badminton in a wheelchair) career to enable him able to continue attending all of the championships scheduled during the following season and to continue training both at Badminton Mallorca Club and Club Badminton Calvià. By way of background, Frederick came to Mallorca in search of an opportunity in the nautical world and in 2018 he found it with the Group as a yacht painter. After a year, he was transferred to the Pinmar Yacht Supply retail store in Palma so that he could continue his professional career with a focus on customer sales. Shortly after, in January 2020, tragedy struck when he was involved in a traffic accident that caused a serious spinal cord injury, radically changing his life. During his rehabilitation, Frederick discovered parabadminton and embarked on an intense training programme and began competing at a professional level in November 2020. Further details of Frederick's incredible journey can be found at www.pinmar.com/pinmar-proud-to-sponsor-frederick-medina-on-his-professional-parabadminton-journey

The operation of a profitable business is a priority and that means investing for growth as well as providing returns to its shareholders. To achieve this, the Group recognises that it needs to operate in a sustainable manner and therefore has adopted core principles to its business operations which provide a framework for both managing risk and maintaining its position as a good 'corporate citizen', and also facilitate the setting of goals to achieve continuous improvement.

The Group aims to conduct its business with integrity, respecting the different cultures and the dignity and rights of individuals in the countries where it operates. The Group supports the UN Universal Declaration of Human Rights and recognises the obligation to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction as to race, religion, gender, language or disability.

Health and safety
The Directors are committed to ensuring the highest standards of health and safety, both for employees and for the communities within which the Group operates. The Group has a senior manager who has overall responsibility for health and safety matters and a team that is dedicated full time to this part of the business.

The Group seeks to meet or, where possible, exceed legal requirements aimed at providing a healthy and secure working environment to all employees and understands that successful health and safety management involves integrating sound principles and practice into its day-to-day management arrangements and requires the collaborative effort of all employees. All employees are positively encouraged to be involved in consultation and communication on health and safety matters that affect their work. In addition, the Board receives monthly reports on the number of accidents relative to the number of workers. There were no significant health and safety issues reported in 2021.

As previously reported, in response to the onset of the COVID-19 pandemic in early 2020, the Group immediately invoked its contingency plans to ensure the health and wellbeing of its employees whilst maintaining services to clients. Throughout the pandemic, the Group has maintained operations with enhanced health and safety protocols in place for front line staff, and all back-office staff working remotely as and when required by the various government guidelines and regulations. The Group is constantly monitoring the ever-changing situation across its global markets to ensure compliance with both national and local travel and health advisories.

Environment and climate change
The Directors are committed to minimising the impact of the Group's operations on the environment. The Group

recognises that its business activities have an influence on the local, regional and global environment, and understanding and managing the environmental impact of the Group's operations across all of the Group's locations is an important part of being a responsible stakeholder. It is also strategically important for building resilience into the Group's business.

It is the Group's policy to endeavour to meet or, where possible, exceed relevant legal requirements and codes of practice on environmental issues so as to ensure that any adverse effects on the environment are minimised. Accordingly, there is a team dedicated to monitoring this across the Group, which seeks to mitigate the environmental impact of the Group's activities. The Group strives to provide and maintain safe and healthy working conditions, and to keep its entire staff informed of its environmental policy whilst encouraging them to consider environmental issues as an everyday part of their role.

The Directors are also cognisant of the potential impact of climate change. Whilst the ultimate impacts on society and the economy are unclear at this point, the Directors do not believe that climate change will have a material impact on the Group in the short to medium term. They are also encouraged by developments within the yachting industry as it looks to reduce its impact on the climate through new technologies and better operating practices.

The Group's approach to environmental matters and sustainability is more fully explained in the Chief Executive's Report on page 10.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board, with the assistance of the Audit Committee, maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces.

Details of the principal risks currently facing the Group and how they are mitigated are set out on pages 16 to 18 of the Strategic Report.

The Board delegates to management the responsibility for designing, operating and monitoring both the systems and the maintenance of effective internal controls within the Group. The Company also has a whistleblowing policy in place. Both the Board and senior management are responsible for reviewing and evaluating risk, and the Executive Directors meet on a regular basis to review ongoing trading performance, discuss budgets and forecasts and any new risks associated with ongoing trading, the outcome of which is reported to the Board.

The Board's review process is, with the assistance of the Audit Committee, based principally on reviewing regular reports from management to consider whether significant risks are identified, evaluated, managed and controlled, and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring. The system is designed to manage rather than eliminate the risk of failure to achieve the Company's objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. In assessing what constitutes reasonable assurance, the Board considers the materiality of financial and non-financial risks and the relationship between the cost of, and benefit from, internal control systems.

In 2021 a formal risk assessment exercise was conducted by management in conjunction with those employees who have responsibility for specific controls. The process reviewed, identified and prioritised risks, evaluated controls and assessed whether any improvements to such controls were necessary. The results of the risk assessment were subsequently reviewed by the Board and confirmed that no significant weakness or failing had been identified during the process.

In addition to the ongoing monitoring of risk, it is intended that such a formal risk assessment exercise will continue to be conducted on an annual basis.

Management is also responsible for establishing and maintaining adequate internal control and risk management systems relating to the financial reporting process and the Group's process for the preparation of consolidated accounts. The systems and controls in place include policies and procedures which relate to the maintenance of records that accurately and fairly reflect transactions, correctly evidence and control the Group's assets, provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with UK adopted International Accounting Standards, and review and reconcile reported results.

The other key procedures which exist to provide effective internal controls and risk management systems are as follows:

- lines of responsibility and delegated authorities are clearly defined;
- a formal risk register, which is regularly reviewed and updated;

- annual review of the Group's insurance policies with its insurance broker to ensure that the policies are appropriate for the Group's activities and exposures;
- a comprehensive system for consolidating financial results from Group companies and reporting these financial results to the Board;
- annual revenue, cash flow and capital forecasts reviewed regularly during the year, regular monitoring of management accounts and capital expenditure reported to the Board and regular comparisons with forecasts;
- financial controls and procedures;
- clear guidelines for the authorisation of significant transactions including capital expenditure and disposals under defined levels of authority;
- regular meetings of the Executive Directors; and
- an Audit Committee which approves audit plans and published financial information and reviews reports from the external auditor arising from the audit and deals with significant control matters raised.

The Group's policies and procedures are regularly updated and distributed throughout the Group. The Board confirms that it has, during the reporting period, reviewed on an ongoing basis the effectiveness of the Company's system of internal controls including financial, operational and compliance controls and risk management systems and has reviewed insurance provisions. No significant failing or weaknesses have been identified.

The Board monitors the activities of the Group through regular Board meetings and it retains responsibility for approving any significant financial expenditure or commitment of resources.

MAINTAIN A DYNAMIC MANAGEMENT FRAMEWORK

5. Maintain the Board as a well-functioning, balanced team led by the chair

The Chairman, Richard McGuire, is responsible for leadership of the Board, ensuring its effectiveness in all aspects of its role. The Company is satisfied that the current Board is sufficiently resourced to discharge its governance obligations on behalf of all stakeholders and is mindful of the cost/benefit implications of further Board expansion for the Company. The Company will continue to keep this under review and maintain a balance of Non-Executive Director input as the Company grows.

To enable the Board to discharge its duties, all Directors receive appropriate and timely information. Briefing papers are distributed to all Directors in advance of Board and Committee meetings. All Directors have access to the advice and services of the Chief Financial Officer and the Company Secretary, who are responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense.

The Board is responsible to the shareholders and sets the Group's strategy for achieving long-term success. It is ultimately responsible for the management, governance, controls, risk management, direction and performance of the Group. At each of its meetings, the Board reviews the strategy and evaluates the progress of the Group in achieving its annual objectives. It also considers the risk of potential activities and monitors financial progress against budget.

In between Board meetings, the Executive Directors maintain regular informal contact with the Non-Executive Directors. Whilst the Board retains overall responsibility for, and control of the Group, day-to-day management of the business is conducted by the Executive Directors who meet with the senior management team on a frequent basis.

Board of Directors
The composition of the Board during the period is summarised in the table on page 22 of the Directors' Report. As at the date of this report the Board comprises five members including two independent Non-Executive Directors, namely Richard McGuire and Richard King.

Independence of Directors
The Directors acknowledge the importance of the principles of the QCA Code which recommend that a company should have at least two independent Non-Executive directors. The Board has, therefore, considered and determined that, since the date of their respective appointments, both Richard McGuire and Richard King were, and continue to be, independent of the executive management and free from any relationship which could materially affect the exercise of their independent judgement. The former Chairman, Stephen Murphy, was also considered and determined to be independent from the date of his appointment on 5 July 2017 until his resignation on 15 December 2021.

Both the independent Non-Executive Directors constructively challenge and help develop proposals on strategy and bring strong, independent judgement, knowledge and experience to the Board's deliberations. The independent Non-Executive Directors are of sufficient experience and competence that their views carry significant weight in the Board's decision making.

At each meeting the Board considers Directors' conflicts of interest. The Company's articles of association provide for the Board to authorise any actual or potential conflicts of interest.

The Non-Executive Directors have regular opportunities to meet without Executive Directors being present (including time after Board and Committee meetings).

Time commitments
On joining the Board, Non-Executive Directors receive a formal appointment letter, which identifies the terms and conditions of their appointment and, in particular, the time commitment expected of them. A potential director candidate (whether an Executive Director or Non-Executive Director) is required to disclose all significant outside commitments prior to their appointment.

In the appropriate circumstances, the Board may authorise Executive Directors to take non-executive positions in other companies and organisations, provided the time commitment does not conflict with the Director's duties to the Company, since such appointments should broaden their experience. The acceptance of appointment to such positions is subject to the approval of the Chairman.

The Board is satisfied that both the Chairman and the other Non-Executive Director are able to, and do, devote sufficient time to the Company's business.

Attendance at Board and Committee meetings
The Board considers that it has shown its commitment to leading and controlling the Group by meeting 23 times during the year ended 31 December 2021. Eleven of these meetings were routine, and twelve were called on short notice to monitor and address urgent business. The attendance of each Director at Board and Committee meetings during the period is set out in the table below:

Director	Board	Audit Committee	Remuneration Committee	Nomination Committee
Richard McGuire*	0/0	0/0	0/0	0/0
Stephen Murphy**	23/23	3/3	3/3	1/1
Remy Millott	22/23			
Kevin McNair	22/23			
Rupert Savage	22/23			
Richard King	22/23	3/3	3/3	1/1

* Appointed 15 December 2021
** Resigned 15 December 2021

Attendance is expressed as the number of meetings attended/number eligible to attend. Directors' attendance by invitation at meetings of Committees of which they are not a member is not reflected in the above table.

As a result of the various restrictions imposed by the UK government in an effort to contain the spread of COVID-19, all Board and Committee meetings held between March 2020 to December 2021 have been conducted remotely either by video conference or telephone. All participants have adapted very well to this style of communication, which has proved to be an efficient and effective meeting format.

Directors' Governance Report

6. Ensure that between them the Directors have the necessary up-to-date experience, skills and capabilities

The Board currently comprises three Executive and two Non-Executive Directors with an appropriate balance of sector, financial and public market skills and experience to deliver the Group's strategy for the benefit of shareholders over the medium to long term. The balance of skills and experience of the current Board is summarised below:

Director	Sector	Financial	General Management	Other public company (board level)
Richard McGuire		●	●	●
Remy Millott	●		●	
Kevin McNair		●	●	●
Rupert Savage	●		●	
Richard King		●	●	●

The skills and experience of the Board are set out in their biographical details on page 21. The experience and knowledge of each of the Directors gives them the ability to constructively challenge the strategy and to scrutinise performance. The Board also has access to external advisors where necessary. Neither the Board nor its Committees sought external advice on any significant matter during the reporting period save in relation to the proposed takeover by Harwood Capital LLP, further details of which are set out on page 70.

On joining the Board, new Directors are advised of their legal and other duties and obligations as a director of an AIM-listed company. They also take part in a formal induction process, including the provision of past Board materials to provide background information on the Company and information on Board processes and governance framework. The induction is tailored to meet each new Director's specific needs.

Throughout their period in office the Directors are continually updated on the Group's business, the industry and competitive environment in which it operates, corporate social responsibility matters and other changes affecting the Group by written briefings and meetings with senior executives.

Each Director takes responsibility for maintaining his/her skill set, which includes roles and experience with other boards and organisations as well as attending formal training and seminars. The Executive Directors receive regular and ongoing updates from their professional advisors covering financial, legal, tax and Stock Exchange regulations.

The Company Secretary provides information and advice on corporate governance and individual support to Directors on any aspect of their role, particularly supporting the Chairman and those who chair Board Committees. The Company Secretary is also responsible for ensuring that Board procedures are followed, that the Company complies with company law and the AIM Rules, and that the Board receives the information it needs on a timely basis to fulfil its duties effectively.

The Company is a strong supporter of diversity in the boardroom and the senior management team. The Board currently comprises five male Directors and the Company Secretary is female. Approximately 25% of the senior management team is female. The Company remains of the opinion that appointments to the Board should be made relative to a number of different criteria, including diversity of gender, background and personal attributes, alongside the appropriate skill set, experience and expertise.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Board evaluation
The Board is mindful that it needs to continually monitor and identify ways in which it might improve its performance and recognises that board evaluation is a useful tool for enhancing a board's effectiveness. Alongside the formal annual evaluation, the Chairman routinely assesses the performance of the Board and its members and discusses any problems or shortcomings (if any) with the relevant Directors.

The Board made the decision to postpone the 2021 evaluation in view of the fact that there was a change in the chairmanship of the Company which coincided with the usual timing of the annual evaluation process. It is anticipated that a formal valuation of the Board and its Committees will be conducted in H1 2022.

Succession planning
The Nomination Committee is responsible for succession planning of the executive leadership team and for the appointment and re-appointment of any Non-Executive Directors if and when necessary. Further details of the Company's approach to succession planning are set out in the Nomination Committee Report on page 36.

8. Promote a corporate culture that is based on ethical values and behaviours

The Group adopts a policy of equal opportunities in the recruitment and engagement of staff as well as during the course of their employment. It endeavours to promote the best use of its human resources on the basis of individual skills and experience matched against those required for the work to be performed.

The Group recognises the importance of investing in its employees and, as such, the Group provides opportunities for training and personal development and encourages the involvement of employees in the planning and direction of their work. These values are applied regardless of age, race, religion, gender, sexual orientation or disability.

The Group believes that it has robust policies and procedures for combating bribery and corruption. A copy of the Group's Anti-Corruption and Bribery Policy can be found on the Group's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance).

The Group recognises that commercial success depends on the full commitment of all its employees and commits to respecting their human rights, to provide them with favourable working conditions that are free from unnecessary risk and to maintain fair and competitive terms and conditions of service at all times. The performance and reward system endorses the desired ethical behaviours across all levels of the Group.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Chairman, Richard McGuire, is responsible for leadership of the Board, ensuring its effectiveness, setting its agenda and ensuring that the Directors receive accurate, timely and clear information. The Chairman also ensures effective communication with shareholders and facilitates the effective contribution of the other Non-Executive Director. Remy Millott, as Chief Executive Officer, is responsible for the operational management of the Group and the implementation of Board strategy and policy. By dividing responsibilities in this way, no one individual has unfettered powers of decision-making.

There is a formal schedule of matters reserved for decision by the Board in place which enables the Board to provide leadership and ensure effectiveness, a copy of which may be found at on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/). Such matters include business strategy and management, financial reporting (including the approval of the annual budget), Group policies, corporate governance matters, major capital expenditure projects, material acquisitions and divestments and the establishment and monitoring of internal controls.

The appropriateness of the Board's composition and corporate governance structures are reviewed through the ongoing Board evaluation process and on an ad hoc basis by the Chairman together with the other Directors, and these will evolve in parallel with the Group's objectives, strategy and business model as the Group develops.

Board Committees
The Board has established Audit, Nomination and Remuneration Committees and the Company Secretary acts as secretary to each of the three Committees.

Audit Committee
The Audit Committee has Richard King as chairman, and has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's auditor relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders. The Audit Committee meets at least twice a year. Richard McGuire is the other member of the Audit Committee. The Audit Committee's terms of reference are available on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/).

A report on the duties of the Audit Committee and how it discharges its responsibilities is provided on pages 37 to 39.

Remuneration Committee
The Remuneration Committee has Richard McGuire as chairman, and reviews the performance of the Executive Directors, and determines their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of shareholders. The Remuneration Committee meets at least twice a year. Richard King is the other member of the Remuneration Committee. The Remuneration Committee's terms of reference are available on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/).

The Directors' Remuneration Report and details of the activities and responsibilities of the Remuneration Committee are set out on pages 40 to 45.

Nomination Committee
The Nomination Committee has Richard McGuire as chairman, and identifies and nominates, for the approval of the Board, candidates to fill Board vacancies as and when they arise. The Nomination Committee meets at least once a year. Richard King is the other member of the Nomination Committee. The Nomination Committee's terms of reference are available at on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/).

Details of the activities and responsibilities of the Nomination Committee are set out on page 36.

BUILD TRUST

10. Communicate how the Company is governed and is performing

As explained earlier in this Corporate Governance Statement, the Board has established a Nomination Committee, an Audit Committee and a Remuneration Committee. The work of each of the Board Committees undertaken during the year ended 31 December 2021 is detailed on pages 36 to 45.

The full results of the poll voting at the 2021 AGM are available on the Company's website (www.gygplc.com/investor-relations/investor-relations-corporate-governance/). At the 2021 AGM, the following resolutions were each proposed as a special resolution, which required 75% majority of the votes to be cast in favour:

Resolution 7	The disapplication of statutory pre-emption rights for rights issues, etc and up to 5% of issued share capital (excluding treasury shares)
Resolution 8	The disapplication of statutory pre-emption rights up to an additional 5% of issued share capital (excluding treasury shares)
Resolution 9	Authority for the Company to purchase its own shares

All three resolutions were defeated with 74.38%, 70.94% and 74.38% respectively of votes cast voting in favour. Each of these special resolutions was seeking a renewal of the relevant authority granted by shareholders at the 2020 AGM. However, following engagement with leading shareholders the disapplication of pre-emption rights in general potentially grants a benefit to non-shareholders and are unlikely to be supported. The Directors have, therefore, elected not to propose these two resolutions to shareholders at the 2022 AGM. As noted in the Directors' Report on page 24, a special resolution will, however, once again be proposed at the 2022 AGM seeking shareholder approval to allow the Company to make market purchases of the Company's ordinary shares.

The Board maintains a healthy dialogue with all of its stakeholders. Throughout the course of the financial year the Board communicates with shareholders directly and also engaged an external investor relations consultant to canvass shareholders on any views, concerns and expectations they may wish to express indirectly.

NOMINATION COMMITTEE REPORT

In accordance with its terms of reference, the Nomination Committee is responsible for reviewing the structure, size and composition of the Board based upon the skills, knowledge and experience required to ensure that the Board operates effectively, and for identifying and nominating, for the approval of the Board, candidates to fill board vacancies as and when they arise. The Nomination Committee is also responsible for succession planning of the executive leadership team and makes recommendations to the Board for the re-appointment of any Non-Executive Directors if and when necessary.

Stephen Murphy acted as Chairman of the Nomination Committee until his resignation on 15 December 2021 and was succeeded by Richard McGuire on the same date. The other member of the Nomination Committee is Richard King. Both members are independent Non-Executive Directors. The Nomination Committee meets at least once a year and at other times as and when required. Details of meeting attendance are shown in the Corporate Governance Statement on page 32.

The effectiveness of the Nomination Committee is reviewed by the Board annually. The Nomination Committee met once during the reporting period. Business conducted at that meeting included the following:

Consideration of proposed appointment of new Non-Executive Chairman
The Company's former Chairman, Stephen Murphy, had indicated to the Board in late 2021 that he would not be seeking re-election as a Director of the Company at the 2022 AGM, but that his intention to resign from the Board was contingent upon a suitable successor being identified. Accordingly, the Nomination Committee subsequently identified Richard McGuire as a suitable potential candidate and recommended to the Board his proposed appointment as Non-Executive Chairman and also as Chairman of the Nomination and Remuneration Committees and as a member of the Audit Committee, such appointment being approved by the Board on 15 December 2021.

Structure, size and composition of the Board
The Nomination Committee reviewed the structure, size and composition of the Board in conjunction with the outcome of the 2021 Board/Committee performance evaluation process and was of the view that the current composition of the Board of three Executive Directors and two independent Non-Executive Directors was appropriate at the present time, taking into account the Company's current size and stage of development. However, the Nomination Committee noted that it would continue to monitor and keep under review the structure, size and composition of the Board. As reported above, there was one change to the Board in the period, namely the appointment of Richard McGuire as an independent Non-Executive Chairman on 15 December 2021 following the resignation of Stephen Murphy on the same date.

Succession planning
The Nomination Committee has identified succession planning as a key consideration for GYG and the formal succession plan is now in place. Key individuals in the senior/middle management teams have been identified and a matrix has been prepared which is updated on a regular basis, especially given the extensive restructuring throughout the organisation during 2021. This matrix indicates how succession challenges would be managed on a short- and long-term basis within the practical constraints of the Company's financial capabilities and its strategic position within a developing but specialist industry.

The Nomination Committee also oversees the talent management and development within the Group and seeks to make appropriate investment at all levels of the organisation to provide meaningful opportunities and a realistic level of internal candidates for key roles. The Nomination Committee also identifies where succession solutions would involve external recruitment and plans appropriately for such situations.

Board/Committee performance evaluation process
As noted in the Corporate Governance Statement on page 33, a formal Board/Committee performance evaluation was due be conducted for 2021. However, the Board had made the decision to postpone the 2021 evaluation until H1 2022 in view of the fact that there was a change in the chairmanship of the Company at the time the evaluation process would normally have taken place.

Retirement and re-election of Directors
The Nomination Committee considered the terms of the Company's articles of association (the "Articles") regarding retirement and re-election of Directors and noted that Directors are subject to election by shareholders at the first AGM following their appointment by the Board. Accordingly, Richard McGuire, who was appointed as a Director on 15 December 2021, would retire at the 2022 AGM of the Company and, being eligible, would offer himself for election.

The Nomination Committee further noted that in accordance with the Articles at subsequent AGMs, one-third of the Directors must retire from office (or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third (unless their number is fewer than three, in which case one of them shall retire)). In this regard, the Director who had been selected to retire and, being eligible, offer himself for re-election at the 2022 AGM, is Richard King.

Richard McGuire
Chairman of the Nomination Committee
27 April 2022

AUDIT COMMITTEE REPORT

Audit Committee
The Audit Committee meets at least three times a year and met three times during the reporting period. Details of meeting attendance are shown in the Corporate Governance Statement on page 32. The Group's external auditor was present at two of those meetings.

Richard King acts as Chairman of the Audit Committee and has recent and relevant financial experience through his former role with EY as deputy Managing Partner of UK & Ireland and a member of both the Europe, Middle East, India and Africa (EMEIA) Board and Global management group, and his subsequent involvement either as chairman or non-executive director on a variety of private and public companies. He is also a Fellow of the Institute of Chartered Accountants. Stephen Murphy, who qualified as a Chartered Management Accountant in 1979, was the other member of the Audit Committee until his resignation on 15 December 2021 and was succeeded by Richard McGuire on the same date. The Audit Committee has always been comprised of independent Non-Executive Directors.

In accordance with the FRC's Guidance on Audit Committees, no one other than the Audit Committee Chairman and the other member receive automatic invitations to meetings of the Audit Committee. The Chief Financial Officer, the Chief Executive Officer and the external auditor are invited to attend meetings on a regular basis, and other non-members may be invited to attend all or part of any meeting and as and when considered appropriate and necessary.

The Audit Committee meets the external auditor at least once a year without executive management present, and the Chairman of the Audit Committee keeps in touch on a continual basis with the key people involved in the Company's governance, including the Chief Executive Officer, the Chief Financial Officer, the Company Secretary and the external audit lead partner. An induction programme is provided for new Audit Committee members covering the role of the Audit Committee, its terms of reference and an overview of the Group's business, including the main business and financial dynamics and risks.

Summary of the role of the Audit Committee
In the course of discharging its duties and responsibilities, the Audit Committee focuses particularly on compliance with legal requirements and accounting standards and on ensuring that an effective system of internal financial controls is maintained.

The Audit Committee has primary responsibility for monitoring the quality of internal controls, ensuring that the financial performance of the Group is properly measured and reported on, and for reviewing reports from the Group's external auditor relating to the Group's accounting and internal controls, in all cases having due regard to the interests of shareholders. Its other responsibilities include reviewing and monitoring:

- the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;
- the Group's internal financial controls and internal control and risk management systems;
- the requirement for an internal audit function;
- the Group's whistleblowing, fraud detection and anti-bribery procedures;
- the external auditor's independence and objectivity and the effectiveness of the audit process; and
- making recommendations to the Board on the appointment and re-appointment of the Group's external auditor.

The Audit Committee reports to the Board, identifying any need for action or improvement on any of these terms of reference and makes recommendations as to the steps to be taken. The effectiveness of the Audit Committee is reviewed by the Board annually.

External auditor
The Audit Committee is responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and assesses annually the qualifications, expertise, resources, remuneration and independence of the external auditor. The Audit Committee also receives a report on the external audit firm's own internal quality control procedures, and confirmation of the external auditor's independence. For each annual cycle, the Audit Committee ensures that appropriate plans are in place for the external audit.

PricewaterhouseCoopers LLP ("PWC") were the Company's and the Group's external auditor for the financial years ended 31 December 2019, 2020 and 2021, having been appointed following a formal tender process in respect of external audit services undertaken by the Audit Committee in early 2019.

In accordance with professional standards, the PWC senior statutory auditor responsible for the audit will be rotated every five years. The current senior statutory auditor was appointed in respect of the year ended 31 December 2019.

The Audit Committee annually reviews the effectiveness of the external auditor. This process involves the external auditor presenting to the Audit Committee its proposed audit scope, such presentation last having taken place in December 2021 in relation to the financial statements for the year ended 31 December 2021. The external auditor also presents to the Audit Committee the output of its detailed year-end work and the Audit Committee challenges significant judgements (if any). In making its assessment of external auditor effectiveness, the Audit Committee reviews the audit engagement letters before signature, reviews the external auditor's summary of Group issues, and conducts an overall review of the effectiveness of the external audit process and the external auditor. The Audit Committee reports its findings to the Board.

The Audit Committee and the Board have been satisfied with the performance of PWC since their appointment as external auditor. The Audit Committee and the Board are also satisfied with the policies and procedures the external auditor has in place to maintain their objectivity and independence.

The Audit Committee also approves in advance any non-audit services to be performed by the auditor such as tax compliance and advisory work, audit-related assurance services (e.g. reviews of internal controls and reviewing the Group's interim financial statements).

Any non-audit services that are to be provided by the external auditor are reviewed in order to safeguard auditor objectivity and independence. All non-audit services have to be approved by the Chairman of the Audit Committee, who considers whether appropriate safeguards are in place in respect of non-audit services being delivered. These include delivery of non-audit services by a partner independent of the audit. Accordingly, the Board can confirm that during the reporting period there have been no non-audit services that are considered to have impaired the objectivity and independence of the external auditor. A full breakdown of payments made to the external auditor during the financial year is disclosed within note 7 on page 71.

Work undertaken by the Audit Committee during the year ended 31 December 2021
The key matters undertaken during the reporting period by the Audit Committee whilst discharging its duties and responsibilities are set out below:

- review of the annual report and financial statements for the year ended 31 December 2020, including an in-depth going concern analysis;
- consideration and ongoing review of the Group's bank facilities;
- consideration and approval of the unaudited interim financial statements for the period ended 30 June 2021;
- discussions with the external auditor on the audit approach and strategy, the audit process, significant audit risks and key issues of focus for the annual audit;
- review of the financial integrity of the Group's financial statements including relevant corporate governance statements;
- approval of non-audit work to be carried out by the external auditor;
- consideration of the independence and objectivity of the external auditor;
- review of the internal controls and risk management systems within the Group;
- consideration of the requirement for the Group to have an internal audit function;
- review of the effectiveness of the external auditor, as more fully described above;
- review of the accounting treatment of additional costs incurred as a direct result of the ongoing COVID-19 pandemic;
- review and monitoring of Nobiskrug situation as more fully explained on page 70;
- consideration of the loan agreements entered into initially with North Atlantic Smaller Companies Investment Trust plc and subsequently with Harwood Capital Management Limited as set out in note 17; and
- post-period, approval of the audit fees for the financial year ended 31 December 2021 and review of the annual report and financial statements for the year ended 31 December 2021.

The ultimate responsibility for reviewing and approving the financial statements in the interim and annual reports remains with the Board.

Significant judgements and estimates related to the financial statements
The Audit Committee, in consultation with management and the external auditor, has considered of the two significant judgements and estimates relating to the preparation of the financial statements contained in this annual report as follows:

Judgements

Exceptional items
Certain items are presented as exceptional where, in the judgement of the Directors, by virtue of their nature, size or incidence, in order to obtain a clear and consistent presentation of the Group's underlying business performance they need to be disclosed

separately. These are items that fall outside the normal day to day operations of the business and the Directors believe are unlikely to ever occur again.

Going concern
A full description of the Group's business activities, financial position and cash flows, together with the factors likely to affect its future development and performance, is set out in the Strategic Report, including the Financial Review, and in note 2.3 of the financial statements. Further details of the borrowing facilities are also set out in note 17 of the financial statements.

The Audit Committee has reviewed the Group's cash flow and profit and loss forecasts, including a sensitivity analysis and a review of forecast compliance with loan covenants for the purposes of the going concern review which is described in more detail on page 25 and in note 2.3 to the accounts. This process included an assessment of the expected impact of the COVID pandemic on those forecasts including unlikely but plausible significant downsides. This assessment has been reviewed extensively and will be updated regularly going forward. Management will continue to update their forecasts and take appropriate steps to manage covenant compliance.

Estimates

Revenue recognition
The accounting for long term contracts requires management to apply judgement in estimating the total revenue and total costs expected on each project and also to estimate the stage of completion. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. Project management teams perform regular reviews to ensure the latest estimates are appropriate. The Audit Committee has reviewed the recognition policy and processes and concluded there are appropriate for the Group and consistently applied.

Impairment of goodwill and investments
Determining whether goodwill and investments are impaired requires an estimation of the value in use of the cash-generating units to which goodwill or investment has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The Audit Committee has reviewed the cashflow forecasts used in determining the present value of the goodwill and investments and concluded that neither require an impairment of their carrying values.

Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The Committee has reviewed the long term cashflows that are used in calculating the recoverability of any deferred tax asset or liability and concluded that it is reasonable to assume that the deferred tax asset will be recovered.

Risk management and internal control
The Board has overall responsibility for the Group's internal control systems and for monitoring their effectiveness. The Board maintains a system of internal controls to safeguard shareholders' investment and the Group's assets, and has established a continuous process for identifying, evaluating and managing the significant risks the Group faces. The Board regularly reviews the process, which has been in place throughout the period and up to the date of approval of the annual report and financial statements.

The Board's internal control and risk management review process (conducted with the assistance of the Audit Committee), is outlined on pages 30 and 31.

Internal audit
The Board considers the need for an internal audit function annually and in consultation with the external auditor has concluded that, given the current size of the Group's operations, it is not necessary at this time. In forming its decision, the Audit Committee considered that all of the finance function is located at the Palma, Mallorca head office, and this finance team makes regular visits to overseas locations. The efficacy of internal controls is considered on an ongoing basis and the Audit Committee believes these controls to be sufficient for a business the scale and complexity of the Group.

Approved on behalf of the Board

Richard King
Chairman of the Audit Committee

27 April 2022

DIRECTORS' REMUNERATION REPORT

As Chairman of the Remuneration Committee, having succeeded Stephen Murphy on 15 December 2021, I am pleased to present our report for the year ended 31 December 2021.

This report does not constitute a full directors' remuneration report in accordance with the Companies Act 2006 and the UK Listing Rules. As a company whose shares are admitted to trading on AIM, the Company is not required by the Companies Act to prepare such a report. We do, however, have regard to the principles of the QCA Code which we consider to be appropriate for an AIM company of our size. The report provides details of remuneration for all Directors and gives a general statement of policy on Directors' remuneration as it is currently applied. It also provides a summary of the long-term share incentive scheme currently in place.

Richard McGuire
Chairman of the Remuneration Committee

Remuneration Committee

Key responsibilities
The Remuneration Committee is responsible for reviewing the performance of the Executive Directors and for determining their terms and conditions of service, including their remuneration and the grant of options, having due regard to the interests of shareholders. The remuneration of the Non-Executive Directors is a matter for the Board or the shareholders (within the limits set out in the articles of association).

The effectiveness of the Remuneration Committee is reviewed by the Board annually.

Composition and meetings
The Remuneration Committee meets at least twice a year (and at such other times as may be deemed necessary). Stephen Murphy acted as Chairman of the Remuneration Committee until he retired and was succeeded by Richard McGuire on 15 December 2021, and Richard King is the other member. All members of the Remuneration Committee have always been considered by the Board to be independent.

Only members of the Remuneration Committee have the right to attend meetings, but other Directors and external advisers may be invited to attend all or part of any meeting as and when appropriate. No Director may be involved in discussions relating to their own remuneration.

The Remuneration Committee met three times during the reporting period. Details of meeting attendance are shown in the Corporate Governance Statement on page 32.

At those meetings, the Remuneration Committee:

- considered whether bonus targets had been achieved for the year ended 31 December 2020;
- conducted a review of basic salaries payable for the year ended 31 December 2021;
- set bonus performance targets for the year ended 31 December 2021;
- reviewed and approved the remuneration package for the incoming Chairman.

Post-period, the Remuneration Committee met to conduct a review of all aspects of the remuneration packages of the Executive Directors to ensure that they continue to reward and motivate achievement of medium and long-term objectives, and to align the interests of Executive Directors and shareholders. This assessment included:

- considering whether bonus targets had been achieved for the year ended 31 December 2021;
- reviewing basic salaries payable for the year ending 31 December 2022;
- setting bonus performance targets for the year ending 31 December 2022; and
- considering awards to be made under the long-term incentive plan.

Policy on Executive remuneration
The Remuneration Committee recognises the importance of the Company's reward and performance strategy in recruiting and retaining high quality individuals who can lead, develop and sustain business growth over the longer term.

The policy of the Remuneration Committee is to ensure that the Executive Directors are fairly rewarded for their individual contributions to the Company's overall performance and to provide them with a competitive remuneration package (including long-term incentive plans) to attract, retain and motivate individuals of the experience and competence required to ensure that the Company is managed effectively and successfully in the interests of shareholders. When setting the remuneration policy for Directors, the Remuneration Committee reviews and has regard to the pay and employment conditions across the Group, especially when determining salary increases.

The Chairman of the Remuneration Committee may consult with major shareholders from time to time, or when any significant remuneration changes are proposed, to understand their expectations with regard to Executive Directors' remuneration and will report back to the Remuneration Committee. Any other concerns raised by individual shareholders will also be considered. The Remuneration Committee also takes into account emerging best practice and guidance from major institutional shareholders.

The main elements of the remuneration packages of the Executive Directors are as follows:

Basic annual salary
Basic salary is reviewed annually by the Remuneration Committee and takes into account a number of factors, including the current position and development of the Group, individual contribution and market salaries for comparable organisations. There is no prescribed minimum or maximum increase, and there is no obligation on the Remuneration Committee to increase basic salary.

After due consideration, the Remuneration Committee concluded that, in light of the cost savings initiative, there would be no increases to Directors' salaries for the year ending December 2021. For the majority of staff across the Group a cost-of-living increase in salary was approved.

Since the July 2017 IPO, the Executive Directors have been awarded only one 5% increase in base compensation. Reflecting on the experience and expertise provided to the Group and general ongoing cost of living, a post-period 5% increase in the salaries of the Chief Executive and Chief Commercial Officers and a 2% increase for the Chief Financial Officer was approved for the year ending 31 December 2022.

The Company does not provide an occupational pension scheme for Executive Directors, nor does it make contributions into the private pension schemes of the Executive Directors

Discretionary bonus
At the discretion of the Remuneration Committee, taking into account performance against certain financial and individual targets, an Executive Director may be entitled to an annual discretionary cash bonus on such terms and subject to such conditions as may be decided from time to time by the Remuneration Committee. Bonuses will normally be capped at 100% of the relevant Executive Director's base salary for exceptional out-performance.

The performance criteria are set by the Remuneration Committee based upon a combination of target financial criteria and specific personal objectives which are agreed by the Remuneration Committee with the Chief Executive Officer and the relevant Executive Director. For the Chief Executive Officer and the Chief Commercial Officer, the bonus awards are primarily weighted on financial targets, but also include a number of role-specific personal objectives. For the Chief Financial Officer, the weighting is 50:50 on financial targets and specific personal objectives. The weightings are kept under review to ensure that they are creating both intended outcomes and correct behaviours in the leadership team.

For the year ended 31 December 2021, the annual bonus financial targets for the Chief Executive Officer and the Chief Financial Officer were based on certain performance criteria in relation to revenue and EBITDA. The financial targets for the Chief Commercial Officer primarily related to revenue. Each Executive Director was also set a number of individual targets.

Following a review of performance against the bonus targets which had been set for the year ended 31 December 2021, the Remuneration Committee concluded that the financial targets had not been sufficiently met to create a pool from which bonuses could be paid and, therefore, no bonuses were awarded to the Executive Directors for that period.

For the year ending 31 December 2022, the annual bonuses for Executive Directors will once again be determined by a combination of the achievement of financial targets and individual targets. The Remuneration Committee will liaise with major shareholders to evaluate the appropriate KPIs which will be underpinned by a condition relating to the Company's financial performance.

The Board, therefore, considers that the actual targets for the year ending 31 December 2022 bonus will be commercially sensitive and details will be disclosed retrospectively in the annual report for that financial year, provided they are not considered commercially sensitive at that time. In accordance with the Directors' remuneration policy, proposed targets will be stretching and aimed at rewarding performance against specific near-term goals, which are consistent with the interests of shareholders and the overall strategic direction of the business.

Long-Term Incentive Plan
In order to operate the discretionary share-based incentive awards to Executive Directors and selected employees, the

Directors' Governance Report

Company established a performance share plan, the GYG plc Performance Share Plan 2017 (the "PSP").

The Remuneration Committee supervises the operation of the PSP. Any employee (including an Executive Director) of the Company and its subsidiaries is eligible to participate in the PSP at the discretion of the Remuneration Committee.

The Remuneration Committee may grant awards to acquire ordinary shares as conditional share awards or as nil (or nominal) cost options. The Remuneration Committee may also decide to grant cash-based awards of an equivalent value to share-based awards or to satisfy share-based awards in cash, although it is not the current intention to do so.

The Remuneration Committee may grant awards within six weeks following the Company's announcement of its results for any financial year. The Remuneration Committee also has discretion to grant awards at any other time when it considers there to be exceptional circumstances which justify the granting of such awards.

An employee may not receive awards in respect of any financial year over ordinary shares having a market value in excess of 100% of their annual base salary in that financial year. In exceptional circumstances, this limit may be increased to 150% at the discretion of the Remuneration Committee.

The extent of vesting of awards granted to the Executive Directors of the Company will normally be subject to performance conditions set by the Remuneration Committee measured over at least three years. The extent of vesting of awards granted to other participants may be subject to performance conditions set by the Remuneration Committee.

Post the reporting period, the Remuneration Committee reviewed the performance targets which had been set in relation to the PSP awards granted on the 4 April 2019. As the prescribed EPS targets had not been achieved by the third anniversary of the award date, the Remuneration Committee determined that none of the options had vested and that all outstanding options under that award would, therefore, lapse.

No options were granted under the PSP during the reporting period.

Benefits in kind
Ancillary benefits provided to Executive Directors currently include critical illness cover, the reimbursement of all reasonable and authorised expenses and (in the case of the Chief Executive Officer and the Chief Commercial Officer) provision of a company car. The Remuneration Committee reviews the level of benefit provision from time to time and has the flexibility to add or remove benefits to reflect changes in market practices or the operational needs of the Company.

Directors' Governance Report

Directors' remuneration for the year ended 31 December 2021 (Audited)

The remuneration of the Directors who served on the Company's Board during the year to 31 December 2021 was as set out in the table below:

	Year ended 31 December 2021			Year ended 31 December 2020		
	Basic salary and fees	Benefits in kind	Total	Basic salary and fees	Benefits in kind	Total
Executive Directors	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Remy Millott	262.5	18.3	280.8	262.5	-	262.5
Kevin McNair	200.0	9.6	209.6	200.0	-	200.0
Rupert Savage	236.3	9.7	245.0	236.3	-	236.3
Non-Executive Directors	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
Stephen Murphy[1]	169.6	-	169.6[2]	112.5	-	112.5
Richard McGuire[3]	3.6	-	3.6	-	-	-
Richard King[4]	58.1	-	58.1	56.2	-	56.2

1 Resigned 15 December 2021.
2 This figure included the sum of €57,000 in respect of pay in lieu of notice.
3 Appointed 15 December 2021.
4 Richard King is entitled to an additional fee of €13,890 per annum in respect of his role as the Chairman of the Audit Committee, which is included in the total above.

There are no arrangements under which any Director has waived or agreed to waive future emoluments, nor have there been any such waivers or emoluments during the financial year immediately preceding the date of this report.

Policy on Non-Executive Directors' remuneration
Non-Executive Directors receive a fixed fee and do not receive any pensions payments or other benefits. An additional fee is payable to the Director performing the role of Chairman of the Audit Committee.

Directors' service contracts and letters of appointment
Copies of the Directors' service contracts and letters of appointment (listed below) are available for inspection at the Company's registered office.

Executive Director	**Date of service contract**
Remy Millott	23 June 2017
Kevin McNair	19 September 2019
Rupert Savage	23 June 2017
Non-Executive Director	**Date of letter of initial appointment**
Stephen Murphy	23 June 2017 (taking effect on 5 July 2017). Resigned 15 December 2021
Richard McGuire	15 December 2021
Richard King	23 June 2017 (taking effect on 5 July 2017)

The service agreements for all of the Executive Directors are between the relevant Director and Hemisphere Yachting Services, S.L.U. ("HYS"). All of the current Executive Directors are employed on a full-time basis.

Each of the Executive Directors' service agreements may be terminated by either party serving six months' written notice. If notice is given by HYS, in relation to each of Remy Millott and Rupert Savage, they are entitled to a settlement from HYS in the gross amount of €200,000 and, in relation to Kevin McNair, he is entitled to a settlement of €120,000. At its direction, HYS may make payment in lieu of notice equal to the salary amount the Director would otherwise have received during their notice period.

The appointment of the Non-Executive Directors is for an initial term of three years, with such appointments being terminable by either the Company or in respect of Richard King six months' notice and in respect of Richard McGuire three months' notice. Each appointment is contingent on satisfactory performance and to the re-election criteria more fully explained on page 22. Both Stephen Murphy and Richard King were appointed as Non-Executive Directors of the Company for an initial three-year term, expiring on the third anniversary of the date of the IPO, i.e. 5 July 2020. It was subsequently unanimously agreed by the

Directors' Governance Report

Executive Directors that both Stephen Murphy and Richard King would be invited to serve a further three-year term. Richard McGuire was appointed as a Non-Executive director on 15 December 2021 and will stand for election at the next 2022 AGM.

Directors' shareholdings and share interests

Directors' shareholdings
The interests of the Directors who served during the year in the share capital of the Company as at 31 December 2021, 31 December 2020 and the date of this report were as follows:

Director	31 December 2021 Number of ordinary shares of £0.002 each	31 December 2020 Number of ordinary shares of £0.002 each	As at date of report or resignation Number of ordinary shares of £0.002 each
Remy Millott	3,270,863	3,270,863	3,270,863
Kevin McNair	40,000	40,000	40,000
Rupert Savage	2,716,981	2,716,981	2,716,981
Stephen Murphy*	240,000	240,000	240,000
Richard King	130,000	130,000	130,000

* Resigned 15 December 2021

All interests are beneficially held. There is no requirement for Directors to hold shares in the Company.

Directors' interests in share options
Details of options over ordinary shares of £0.002 each awarded under the PSP to Directors who served during the year are set out in the table below:

Director	As at 31 December 2020	Granted during the period	Options exercised during the period	Options lapsed during the period	As at 31 December 2021	Exercise price	Earliest date from which exercisable*	Expiry date
Remy Millott								
	143,870	-	-	143,870	-	£0.002	04/04/2022	04/04/2029
	157,868		-	-	157,868	£0.002	18/08/2023	18/08/2030
Kevin McNair	90,210		-	-	90,210	£0.002	18/08/2023	18/08/2030
Rupert Savage								
	97,112	-	-	97,112	-	£0.002	04/04/2022	04/04/2029
	106,561		-	-	106,561	£0.002	18/08/2023	18/08/2030
TOTAL	**595,621**	**-**	**-**	**240,982**	**354,639**			

* Options will normally vest on the later of (i) the third anniversary of the date of grant; and (ii) the Remuneration Committee determining the extent to which the performance targets have been satisfied.

The Remuneration Committee reviewed the performance targets which had been set in relation to the PSP awards granted on 4 April 2019. As the prescribed EPS targets had not been achieved by the third anniversary of the award date, the Remuneration Committee determined that none of the options had vested and that all outstanding options under that award would, therefore, lapse.

Directors’ Governance Report

Conclusion
This report is intended to provide shareholders with sufficient information to judge the impact of the decisions taken by the Remuneration Committee and to assess whether remuneration packages for Directors are fair in the context of business performance.

The Remuneration Committee is mindful of shareholder views, and we believe that our Directors’ remuneration policy is aligned with the achievement of the Company’s business objectives and the interests of shareholders.

Richard McGuire
Chairman of the Remuneration Committee

27 April 2022

Directors' Governance Report

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations
In the case of each Director in office at the date the Directors' report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group's and Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Group's and Company's auditors are aware of that information.

This Statement of Directors' Responsibilities was approved by the Board of Directors on 27 April 2022 and is signed on its behalf by:

Remy Millott
Chief Executive Officer

27 April 2022

Kevin McNair
Chief Financial Officer

27 April 2022

Financial Statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GYG PLC

Report on the audit of the financial statements

Opinion

In our opinion:

- GYG plc's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's loss and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the consolidated and parent company statements of financial position as at 31 December 2021; the consolidated statement of comprehensive income, the consolidated cash flow statement, and the consolidated and parent company statements of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the group's and the company's ability to continue as a going concern. In evaluating the going concern assumption, management of the Group and parent company have prepared base case and severe but plausible downside profit and loss and cash flow forecasts to June 2023. Both of these forecasts indicate that the Group will breach its banking covenants within the period of 12 months from the date of approval of these financial statements. The Group is currently negotiating waivers with their lenders. Although the base case scenario forecasts sufficient funds to repay the underlying loan facilities, the severe but plausible downside scenario indicates both a breach of covenants and a need for refinancing as the Group may not have sufficient cash resources to settle the loan facilities and other liabilities as they fall due. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Financial Statements

Our audit approach

Overview

Audit scope
- We performed full scope audits over four financially significant components as well as the GYG plc entity
- In addition, we performed testing over significant balances within a further seven non-financially significant components
- Our audit scoping provided coverage of 100% revenue, 65% profit before tax and 98% total assets

Key audit matters
- Material uncertainty related to going concern
- Long-term contract accounting (group)
- Presentation and disclosure of exceptional items (group)
- Recoverability of the company's investment in subsidiary undertaking (parent)
- Impairment assessment of goodwill, other intangible assets and property, plant and equipment (group)
- Recoverability of deferred tax assets (group)

Materiality
- Overall group materiality: 471,100 EUR (2020: 441,735 EUR) based on 0.75% of total revenues.
- Overall company materiality: 205,000 EUR (2020: 170,000 EUR) based on 1% of total assets.
- Performance materiality: 353,325 EUR (2020: 331,300 EUR) (group) and 153,750 EUR (2020: 127,500 EUR) (company).

The scope of our audit
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Key audit matters
Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to going concern, described in the Material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Recoverability of the company's investment in subsidiary undertaking, impairment assessment of goodwill, other intangible assets and property, plant and equipment and recoverability of deferred tax assets are new key audit matters this year. Covid-19, which was a key audit matter last year, is no longer included because of the impact has been considered under other KAMs where applicable. Otherwise, the key audit matters below are consistent with last year.

Financial Statements

Key audit matter	How our audit addressed the key audit matter
Long-term contract accounting (group)	
84% of group's total revenue of €62.8m (2020: €58.9m) is attributable to the coating division, which is based on long term contracts for both refit and new build projects. Given the complexity of long-term contract accounting in revenue under IFRS 15, this is an area which could be prone to judgement or error and we have classified this as a significant audit risk. Refer to the critical accounting judgements in note 3.2.1 and the discussion in the Director's governance report for more details on this critical accounting estimate.	We evaluated the design and implementation of controls regarding revenue and receivables and assessed how the directors ensure that revenue is recognised in line with contractual terms. We tested a sample of contracts to a high level of assurance and challenged the calculation of work in progress. We agreed percentages of completion to underlying accounting records and analysed profit margin adjustments. We also performed look-back procedures to assess the appropriateness of directors' estimates in the past by comparing forecasts as at 31 December 2020 to actuals. Additionally, we have examined the progress of projects subsequent to the year end to verify judgements of the stage of completion and revenue and profit recognised as at 31 December 2021. We concluded that revenue recorded for long-term contracts has been appropriately accounted for. The disclosures included within note 3.2.1 and note 15 are considered reasonable.
Presentation and disclosure of exceptional items (group)	
The financial statements include €3.1m of items which are disclosed as exceptional, and therefore adjusted for in the reconciliation of accounting profit to the adjusted measure, underlying operating profit. There is clear guidance on the use of exceptional items by the FRC and defined in IAS 1. In the year, exceptional items have been recognised in relation to the COVID-19 pandemic due to travel and social distancing restrictions. In order to continue working on projects and commitments GYG has incurred incremental costs to operate during these challenging times. The group also recognised bad debt provision in relation to a major shipyard which went into insolvency during the year, and transactions costs associated with a potential takeover offer by a major shareholder. Refer to note 6 to the consolidated financial statements for further details.	We assessed the appropriateness of the group's accounting policy for exceptional items with reference to accounting standards. The focus of our audit work was around the presentation and disclosure of those exceptional costs, especially with regards to ensuring the classification of exceptionals is in line with the latest FRC guidance and the group's accounting policy. We have audited those costs to underlying documents and ensured that an auditable trail for those costs was available. We challenged management to ensure disclosure was balanced and the expenses are oneoff expenses. The presentation and disclosure of exceptional costs is materially consistent with the evidence obtained, as disclosed in note 6.
Recoverability of the company's investment in subsidiary undertaking (parent)	
As set out in note 3 to the Company financial statements, investments in subsidiaries are €12.4m (2020: €12.4m). These are accounted for at cost less provision for impairment in the Company balance sheet at 31 December 2021. Investments are tested for impairment if impairment indicators exist. As the company and group performance has declined during the year it was consider an impairment indicator existed, which resulted in management needing to undertake an impairment assessment to determine if an impairment loss was required.	We evaluated management's determination of whether any indicators of impairment existed and noted that the market capitalisation of the group as at 31 December 2021 exceeded the carrying value of the investment. We also considered the group's value in use model audited as part of another key audit matter and concluded that the carrying value of the investment is not higher than its recoverable value.

Financial Statements

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill, other intangible assets and property, plant and equipment (group) As set out in notes 12 and 13 the carrying value of goodwill, other intangible assets and PPE in the consolidated statement of financial position are €9.3m (2020: €9.3m), €10.1m (2020: €10.1m) and €11.9m (2020: €11.2m) respectively. An annual impairment review is performed in order to assess the recoverability of these assets. The Directors apply value-inuse-methodology and this calculation includes assumptions such as future cash flows, discount rate and long-term growth rate. The value in use is inherently judgemental as it is based on future forecasts. The continued impact of COVID-19 have been considered in the models. The Directors have concluded that there is sufficient headroom in the calculations to support the carrying value of the assets.	The valuation methodology used for impairment assessment has been examined to ensure that it is compliant with the requirements of IAS 36 Impairment of assets. We obtained the Directors' value in use model for each cash generating unit. These were recalculated to ensure the mathematical accuracy of the model. Key assumptions were tested as follows: - For each CGU, cash flow forecasts were agreed to Board approved budgets and examined in order to ensure that only cash flows relating to the assets at the balance sheet date were included. - We performed a look back analysis to determine the Directors' forecasting accuracy and used this in performing sensitivity analysis; - Discount rates were recalculated with the support of our PwC internal valuation experts. - We challenged management in particular on the operating cash flows and growth rate contained within those models, including assessing the impact of sanctions on Russian superyacht owners on the cash flow model for the coming year. We found that the carrying value of the assets as at 31 December 2021 are adequately supported based on the evidence obtained and no impairment loss was required. The presentation and disclosure of managements assessment is consistent with the evidence obtained, as disclosed in notes 12 and 13.
Recoverability of deferred tax assets (group) The recognition and recoverability of deferred tax assets is a significant judgement as disclosed in note 3.2.3 and 10. Deferred tax assets have been recognised, substantially relating to tax losses incurred in Spain and in the US. Also we note that a right of set-off does not exist in relation to the deferred tax liabilities recognised at the balance sheet date. The tax losses recorded for 2021, along with the existence of tax losses brought forward combined with the decline in financial performance during the year, presents a risk that deferred tax assets may not be recoverable.	We evaluated management's assessment of the deferred tax assets recoverability, including the right of set offs for deferred tax liabilities and deferred tax assets. We assessed the reasonableness of the future profits forecasts, including the underlying assumptions, against which the assets can be utilised in the future periods. We also performed look back analysis at the taxable profits previously achieved in the relevant countries. The presentation and disclosure of managements assessment is consistent with the evidence obtained, as disclosed in notes 3.2.3 and 10.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the parent company, the accounting processes and controls, and the industry in which they operate. The Group has eleven wholly owned subsidiaries. We defined a component to be an individual entity for which management prepares financial information. Accordingly, the parent company and each subsidiary is a component. We identified four financially significant components based on their contribution to the group's revenue for the year. A full scope audit was performed over each of these, as well as over the parent company. Significant balances were identified in the seven remaining components and therefore testing on specific financial statement line items was performed to obtain audit evidence in support of those balances within the consolidated accounts. In addition, we performed audit procedures at a group level over financial statement line items which are managed at head office. The audit of the financially significant components and the audit procedures performed over the other non-financial significant components was undertaken by PwC Spain. We have instructed and directed them, held meetings during the audit process, performed a review of working papers with particular focus on the audit of areas of heightened audit risk, and received reporting from them. Based on our involvement in the component auditor's work, sufficient appropriate evidence has been obtained in support of the group audit. Our audit scoping provided coverage of 100% revenue, 65% profit before tax and 98% total assets.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Financial statements - group	Financial statements - company
Overall materiality	471,100 EUR (2020: 441,735 EUR).	205,000 EUR (2020: 170,000 EUR).
How we determined it	0.75% of total revenues	1% of total assets
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is the primary measure used by the shareholders in assessing the performance of the group, and is a generally accepted auditing benchmark. We have applied a rule of thumb of 0.75% of this benchmark which is appropriate for a listed entity.	GYG plc is an investment holding company with no trading operations. The benchmark for this entity is total assets as this is the primary value recognised in the financial statements for the Company. We have applied a rule of thumb of 1% which is standard for this benchmark.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between 200,000 EUR and 440,000 EUR.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2020: 75%) of overall materiality, amounting to 353,325 EUR (2020: 331,300 EUR) for the group financial statements and 153,750 EUR (2020: 127,500 EUR) for the company financial statements.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above 23,000 EUR (group audit) (2020: 22,085 EUR) and 10,250 EUR (company audit) (2020: 8,500 EUR) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Governance report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Governance report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Governance report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Governance report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements
As explained more fully in the statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to employment laws, taxation laws, health and safety regulations and anti-bribery and corruption laws, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries and management bias in accounting estimates. The group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the group engagement team and/or component auditors included:

- Detailed discussions with management and walkthrough procedures to understand and evaluate the controls designed to prevent and detect irregularities and fraud.
- Challenging significant judgements and estimates in particular those relating to long-term contracts, impairment of goodwill, lease liabilities, share-based payments, inventory, deferred tax assets and the disclosures included on these balances within the financial statements.
- Identifying and testing journal entries, in particular journal entries posted with unusual account combinations.
- Reading the minutes of the Board meetings and reviewed legal expenses to identify any inconsistencies with other information provided by management.
- Incorporating elements of unpredictability.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases,

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we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report
This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Mark Foster
Senior Statutory Auditor

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Milton Keynes

27 April 2022

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note(s)	31 December 2021 €'000	31 December 2020 €'000
Continuing operations			
Revenue	4	62,820	58,898
Operating costs	5	(68,905)	(57,665)
Adjusted EBITDA		506	5,163
Depreciation and amortisation	12,13	(3,500)	(2,995)
Performance share plan	22	1	90
Exceptional items	6	(3,092)	(1,025)
Operating (loss)/profit	5	(6,085)	1,233
Finance costs – net	9	(1,124)	(1,050)
(Loss)/profit before tax		(7,209)	183
Tax	10	497	69
(Loss)/profit for the period		(6,712)	252
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(19)	57
Total comprehensive profit / (loss) for the period		(6,731)	309
(Loss) / profit for the period attributable to:			
Owners of the company		(6,712)	252
Total comprehensive (loss)/profit for the period attributable to:			
Owners of the company		(6,731)	309
(Losses)/earnings per share for (loss)/ profit attributable to the ordinary equity holders of the company €	11		
Basic		(0.14)	0.00
Diluted		(0.14)	0.00

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

ASSETS	Note	2021 €'000	2020 €'000
Non-current assets			
Goodwill	12	9,344	9,270
Other intangible assets	12	10,052	10,096
Property, plant and equipment	13	11,921	11,169
Other financial assets	23	225	197
Deferred tax assets	10	1,936	429
Total non-current assets		**33,478**	**31,161**
Current assets			
Inventories	14	3,608	3,129
Other financial assets	23	130	6
Trade and other receivables	15	15,020	11,070
Current tax receivable	15	676	687
Cash and cash equivalents	16	443	3,600
Total current assets		**19,877**	**18,492**
TOTAL ASSETS		**53,355**	**49,653**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

	Note	2021 €'000	2020 €'000
Current liabilities			
Trade, deferred income and other payables	**18**	(22,550)	(15,661)
Current tax liabilities	**18**	(2,483)	(2,470)
Lease liabilities	**13**	(1,374)	(2,035)
Borrowings	**17**	(12,882)	(9,789)
Provisions	**19**	(195)	(356)
Derivative financial instruments	**23**	-	(2)
Total current liabilities		**(39,484)**	**(30,313)**
Net current liabilities		**(19,607)**	**(11,821)**
Non-current liabilities			
Lease liabilities	**13**	(1,872)	(904)
Borrowings	**17**	(3,064)	(2,572)
Deferred tax liabilities	**10**	(2,162)	(2,359)
Long-term provisions	**19**	(19)	(19)
Total non-current liabilities		**(7,117)**	**(5,854)**
Total liabilities		**(46,601)**	**(36,167)**
Net assets		**6,754**	**13,486**
EQUITY			
Share capital	**20**	106	106
Share premium		7,035	7,035
Retained (deficit)/earnings		(753)	5,959
Translation reserve		(32)	(13)
Capital redemption reserve		114	114
Share based payment reserve		284	285
Equity attributable to owners of the Company		**6,754**	**13,486**
Total equity		**6,754**	**13,486**

The Consolidated financial statements on pages 55 to 89 were approved by the Board of Directors on 27 April 2022 and signed on its behalf by:

Remy Millott
Chief Executive Officer

Kevin McNair
Chief Financial Officer

Registered Number: 10001363

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Share capital €'000	Share premium €'000	Retained (deficit)/ earnings €'000	Translation reserves €'000	Capital redemption reserve €'000	Share based payment reserve €'000	Total €'000
Balance at 1 January 2020	**106**	**7,035**	**5,707**	**(70)**	**114**	**375**	**13,267**
Charge to equity for share based payments	-	-	-	-	-	(90)	(90)
Transactions with owners in their capacity of owners	**-**	**-**	**-**	**-**	**-**	**(90)**	**(90)**
Profit for the year	-	-	252	-	-	-	252
Other comprehensive income for the period		-	-	57	-	-	57
Total comprehensive profit for the period	**-**	**-**	**252**	**57**	**-**	**-**	**309**
Balance at 31 December 2020	**106**	**7,035**	**5,959**	**(13)**	**114**	**285**	**13,486**
Charge to equity for share based payments	-	-	-	-	-	(1)	(1)
Transactions with owners in their capacity of owners	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Loss for the year	-	-	(6,712)	-	-	-	(6,712)
Other comprehensive loss for the period	-	-	-	(19)	-	-	(19)
Total comprehensive loss for the period	**-**	**-**	**(6,712)**	**(19)**	**-**	**-**	**(6,731)**
Balance at 31 December 2021	**106**	**7,035**	**(753)**	**(32)**	**114**	**284**	**6,754**

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CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 €'000	2020 €'000
CASH FLOWS FROM OPERATING ACTIVITIES (I)	**21**	**(2,766)**	**(104)**
- Purchase of intangible assets		(917)	(599)
- Purchase of property, plant and equipment		(576)	(2,786)
- Acquisition of other investments		(28)	(53)
- Proceeds from disposal of property, plant and equipment		8	3
CASH FLOWS USED IN INVESTING ACTIVITIES (II)		**(1,513)**	**(3,435)**
- Proceeds from obligations under leases		-	745
- Proceeds from bank borrowings and credit facilities		6,459	4,206
- Repayment of obligations under leases		(2,485)	(1,505)
- Repayment of borrowings		(2,852)	(1,836)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES (III)		**1,122**	**1,610**
Effect of foreign exchange rate changes (IV)		**-**	**-**
NET DECREASE IN CASH AND CASH EQUIVALENTS (I+II+III+IV)		**(3,157)**	**(1,929)**
Cash and cash equivalents at the beginning of the year		3,600	5,529
Cash and cash equivalents at the end of the year		443	3,600

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION
GYG plc (hereinafter the "Company") was incorporated on 11 February 2016, as a private company limited by shares, as Dunwilco 2016 Limited under the United Kingdom Companies Act 2006. Subsequently, on 21 May 2016, the Company's corporate name was changed to Global Yachting Group Limited, on 25 May 2017 to GYG Limited, on 22 June 2017 the Company re-registered as a public company limited by shares and on 5 July 2017 the Company completed an Initial Public Offering ("IPO") and was admitted to the AIM Market of the London Stock Exchange. The address of the registered office is Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom.

The principal activities of the Group are superyacht painting, supply and maintenance, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

These consolidated financial statements are presented in Euro which is the currency of the primary economic environment in which the Group operates.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1. Basis of preparation
The consolidated financial statements of the GYG plc Group has been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. GYG transitioned to UK-adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The consolidated financial statements have been prepared under the historical cost convention unless indicated otherwise in the notes to the consolidated financial statements.

The principal accounting policies adopted are set out and have been applied consistently.

2.2. New accounting standards and interpretations
The Group adopted the following new pronouncements during 2021, which did not have a material impact on the Group's financial statement:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions.

In April 2021, the IFRS IC published its final agenda decision on Configuration and Customisation costs in a Cloud Computing Arrangement. The agenda decision considers how a customer accounts for configuration or customisation costs where an intangible asset is not recognised in a cloud computing arrangement. The agenda decision does not have a material impact on the Group in respect of the current period or prior periods.

Interest Rate Benchmark Reform --- Phase 2 (Amendments to IFRS 7, IFRS 4 and IFRS 16), which address the effects of the reform on a company's financial statements that arise when an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark

Amendments to UK and Republic of Ireland accounting standards as a result of the UK's exit from the European Union

Amendment to IFRS 16, which clarifies the extension of the practical expedient where the lessee is not required to assess whether eligible COVID-19 related rent concessions are lease modifications

Amendments to IAS 1, which address the presentation of financial statements on classification of liabilities

Revised Conceptual Framework for Financial Reporting (Amendments to IFRS 9, IAS 39 and IFRS 7) The following standards and amendments issued before 31 December 2021 with an effective date on or after 1 January 2022 have not been early adopted by the Group, they do not have a material impact on the Group's financial statement

Amendment to IAS 12 --- deferred tax related to assets and liabilities arising from a single transaction

A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16

2.3. Going concern

These financial statements have been prepared on a going concern basis, which assumes the Group and parent company will continue to be able to meet their liabilities as they fall due, within 12 months of the date of approval of these financial statements.

The Group meets its day-to-day working capital requirements from cash flows generated from operations, factoring and banking facilities. The Group and parent company also has various committed loan facilities which include:

- Bank loan €2m – Due for repayment in two €1m repayments in June 2022 and December 2022, which is subject to covenants and repayable on demand if covenants are breached. During the year the Group and parent company have received waivers for potential breaches of banking covenants, but no waivers are in place for any potential breaches occurring in the period of 12 months from the date of approval of the financial statements;
- Government backed COVID-19 loan facility ("ICO") €3.5m – Due for repayment over 48 equal instalments commencing June 2022; and
- Harwood facility €3m – €2m has been repaid after the year end and the remaining amount is due for repayment in July 2022.

In evaluating the going concern assumption, management prepared a base case and severe but plausible downside profit and loss and cash flow forecasts to June 2023, the going concern assessment period. The significant assumptions in these models are the timing work will be undertaken, the margin achieved and the impact these have on forecasted cash flow.

The base case model demonstrates that the Group and parent company will breach covenants on its bank loan but assumes that it will be successful in negotiating waivers. A breach of covenant is an event of default, and would require management to seek a covenant waiver from the Group's lenders, renegotiate the facilities with those lenders or repay the Group's existing lenders and seek sources of alternative funding. Without covenant waivers being obtained, the debt becomes repayable on demand in the event of a breach with there being forecasted sufficient funds to repay the debt in the base case scenario and continue to meet its obligations as they fall due.

Management has prepared a severe but plausible downside scenario. Under this scenario, the Group and parent company continue to forecast a breach in covenants but, without sufficient waivers, would not have sufficient funds to repay the underlying loans without securing additional sources of financing. Management are confident that a refinancing would be successful if required, but have not yet commenced formal discussions with their lenders at this stage and therefore there is no guarantee that such funding will be forthcoming. Even if a waiver is obtained for the June 2022 assessment period, in a severe but plausible scenario the group and parent company would still need to raise alternative funding during Q3 2022 in order to meet its obligations as they fall due.

If waivers are successfully agreed with the lenders, the base case forecast indicates that the Group will continue to operate within its available facilities for a period of no less than 12 months from the date of approval of the financial statements, including the settlement of the loan facilities above in line with contractual terms.

These covenants have been forecast to be breached for each assessment period for the past two years. The Group has successfully obtained waivers from the banking syndicate for the past two years and therefore management fully expect to receive a covenant waiver for June 2022, which is the final covenant assessment period. Management have commenced discussion with their lenders, however a waiver has not been obtained at the date of approval of these financial statements.

Given the information available, an expectation that any forecast covenant breach would be waived, current trading and orders being received, management are confident that the forecasts will be met, and sufficient liquidity will be available to meet liabilities as they fall due, including the payment on the existing loan facilities, for a period of no less than 12 months from the date of approval of these financial statements and therefore believe it is appropriate to prepare the financial statements on a going concern basis.

However, waivers have not yet been secured from their lenders in respect of forecast breaches, and there is currently no commitment for any refinancing that may be necessary in the event that waivers are not granted.

These factors indicate the existence of a material uncertainty which may cast significant doubt as to the Group's and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

2.4. Basis of consolidation
The Group financial statements incorporate the financial statements of the Company and enterprises controlled by the Company (and its subsidiaries) made up to 31 December each period.

Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation process.

2.5. Business combinations
Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquire. Acquisition-related costs are recognised in profit or loss as incurred.

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

2.6. Intangible assets

Intangible assets acquired separately
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful economic lives. The estimated useful economic life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful economic lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software is valued at acquisition cost, amortisation is registered as a function of the useful economic life determined between 3 and 5 years.

Goodwill
Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquisition and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net of the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (''CGUs'') expected to benefit from the synergies of the combination. CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Order backlog has an estimated useful economic life of less than one year. Customer relationships and brands have an estimated useful economic life of 15 years.

Derecognition of intangible assets
An Intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.7. Revenue recognition
The Group recognises revenue based on the consideration to which the Group expects to be entitled in a contract with a customer and following the five-step model defined by the IFRS 15:

- Step 1: Identify the contract with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contracts.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Group recognises revenue from the following activities:

Rendering of services
Revenue is recognised for these services based on the stage of completion. The directors have assessed that the stage of competition of a contract is determined as follows:

- Revenue is recognised by reference to the stage of completion of the Refit or New Build project, determined as the proportion of the total time expected on the project that has elapsed at the end of the reporting period;
- revenue from time and material contracts is recognised at the contractual rates as labour hours and direct expenses are incurred; and
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold.
- This is considered a faithful depiction of the transfer of goods and services to the customer as the contracts are initially priced on the basis of anticipated costs to complete the projects and therefore also represents the amount to which the Group would be entitled based on its performance to date.

This input method is an appropriate measure of the progress towards complete satisfaction of the performance obligations established in the contract under IFRS 15.

Sale of goods
The Group sells maintenance materials, consumables, spare parts and equipment to customers through its retail outlets as well as shipping products. For sales of such products to retail customers, revenue is recognised when control of goods has transferred, being at the point the customer purchases the goods at the retail outlet or when the goods have been shipped to the specific location.

2.8. Leases
The group leases various offices, warehouses and equipment.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate that it would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

2.9. Exceptional items
Certain items are presented in the Consolidated Statement of Comprehensive Income as exceptional where, in the judgement of the Directors, by virtue of their nature, size or incidence, in order to obtain a clear and consistent presentation of the Group's underlying business performance they need to be disclosed separately. These are items that fall outside the normal day to day operations of the business and the Directors believe are unlikely to ever occur again. Examples of items which may give rise to disclosure as exceptional items include restructuring costs if the restructuring involves a fundamental change to the Group's business model and transaction fees if the transaction involves a significant change to the structure or investment case for the Group. See note 6 for further details.

2.10. Adjusted EBITDA
Adjusted Earnings before Interest, Taxation, Depreciation and Amortisation ("Adjusted EBITDA") is a non-IFRS measure used by Directors to assess the operating performance of the Group.

The "Adjusted EBITDA" is also used as a metric to determine management remuneration as well as being measured within the financial covenants calculations.

"Adjusted EBITDA" is defined as operating profit before depreciation and amortisation, impairment, performance share plan and exceptional items.

As a non-IFRS measure, the Company's calculation of "Adjusted EBITDA" may be different from the calculation used by other companies and therefore comparability may be limited.

2.11. Foreign currency
For the purpose of presenting these financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

At each period end date, monetary assets and liabilities that are denominated in foreign currencies are re-translated at the rates prevailing on the period end date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in net profit or loss for the period, except for exchange differences arising on changes in fair value of non-monetary assets and liabilities that are recognised directly in equity.

2.12. Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

2.12.1 Current Tax
The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

The Spanish subsidiaries group companies, are included in a consolidated tax return within fiscal group under Spanish regulation.

2.12.2 Deferred Tax
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the consolidated statement of comprehensive income, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.13. Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is recognised so as to write off the cost of assets (other than land and assets under construction) less their residual values over their useful economic lives, using the straight-line method in the following bases:

	Useful economic lives (years)
Property	10 – 33
Plant and equipment	3 – 10
Other plant, tools and furniture	4 - 10
Other tangible assets	3 – 20
Leases – Right of use asset	Term of lease

The estimated useful economic lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.14. Impairment of tangible and intangible assets excluding goodwill
At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

2.15. Inventories
Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average price basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.16. Provisions
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.17. Financial assets
The Group classifies its financial assets as those to be measured at amortised cost.

Recognition and derecognition
Sales of financial assets are recognised when the Group commits to purchase or sell the asset. Financial assets are derecognised

when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the Group measures a financial asset at its fair value. Transaction costs that are directly attributable to the acquisition of the financial asset are included in the fair value initial assessment of fair value.

Trade and other receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The group holds trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2.18. Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is equal to their fair value.

2.19. Loans and receivables – long term
Loans and receivables – long term are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Financial liabilities
Financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

Derivative financial instruments
The Group enters into interest rate swaps to manage its exposure to interest rate and foreign exchange rates risks.

Derivatives are initially recognised at fair value at the date derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

Fair value measurement
All financial instruments for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.20. Related party transactions
The Group performs all its transactions with related parties on an arm’s length basis. The Group carries out all its related-party transactions (financial, commercial or otherwise) by setting transfer prices stipulated by the OECD to regulate transactions with subsidiaries.

2.21. Consolidated cash flow statements
In these financial statements cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less, net of outstanding bank overdrafts. The carrying amount of these assets is approximately equal to their fair value.

The consolidated cash flow statements have been prepared using the indirect method and the terms used are defined as follows:

- Cash flows: inflows and outflows of cash and cash equivalents, which are short-term, highly liquid investments that are subject to an insignificant risk of changes in value.
- Operating activities: the principal revenue-producing activities of the entities composing the consolidated Group and other activities that are not investing or financing activities.
- Investing activities: the acquisition and disposal of long-term assets and other investments not included in cash and cash equivalents, if they have a direct impact on current cash flows.
- Financing activities: activities that result in changes in the size and composition of the equity and liabilities that are not operating activities, if they have a direct impact on current cash flows.

2.22. Share-based payments
Equity-settled share-based payments to employees and other entities are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market vesting conditions. Details regarding the determination of the fair value of equity-settled share-based payments are set out in note 22.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the counterparty renders the service.

2.23. Government Grants
Government grants are recognised where there is reasonable assurance that the grant will be received. Grants that compensate the Group for expenses incurred are recognised in the Income statement in the relevant financial statement caption on a systematic basis in the periods in which the expenses are recognised.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
In the application of the Group's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1. Critical judgements in applying the Group's accounting policies
The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Information on the funding position and going concern assessment of the Group is set out in the detail in the Section "Going Concern".

3.2. Key sources of estimation uncertainty

3.2.1. Revenue recognition
The accounting for long term contracts requires management to apply judgement in estimating the total revenue and total costs expected on each project and also to estimate the stage of completion. Such estimates are revised as a project progresses to reflect the current status of the project and the latest information available to management. Project management teams perform regular reviews to ensure the latest estimates are appropriate.

Revenue from contracts to provide services is recognised by reference to the stage of completion of the contract, determined as the proportion of the total labour hours expected to provide the service that have elapsed at the end of the reporting period. This requires the Directors to estimate labour hours to complete, based on the Company's experience and professional judgement.

A 1% decrease in margin on each ongoing long-term contract would change the balance of contract assets/contract liabilities by €604k.

3.2.2. Impairment of goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The key assumptions for determining the value in use include the pre-tax discount rate, which has been estimated at 16.25% for the goodwill registered for each of the Coatings and Supply segments (and at 17.25% for ACA Marine, SAS) and a long-term growth rate of 3.0%. These estimates, including the methodology used, may have a significant impact on the registered values and impairment losses. Management has concluded that the estimated growth rate used does not exceed the average long-term growth rate for the relevant markets where the group operates (Europe and USA). Following the impact of the COVID pandemic over the past several months, Management are comfortable that these assumptions are still reasonable.

3.2.3. Deferred tax asset
The company recognises deferred tax assets only to the extent that it is probable that future taxable profits, feasible tax planning strategies and deferred tax liabilities will be available against which the tax losses can be utilised. Estimation of the level of future taxable profits is therefore required in order to determine the appropriate carrying value of the deferred tax asset. If the forecast taxable profits were to fall by 10% in future years there is no impact on the deferred tax asset recognised.

4. SEGMENT INFORMATION
The Groups reportable segments are determined by the internal reporting regularly provided to the Group's Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board of Directors has determined that, based on the Group's management and internal reporting structure, the Group has two reportable segments, Coatings – the provision of painting and other finishing services to yachts and superyachts and Supply – the distribution of yachting supplies to trade and other customers.

Any transaction between reportable segments is performed on an arm's length basis.

4.1. Business segments
Segment information about the above businesses is presented below for the year ended 31 December 2021 and 2020:

Year ended 31 December 2021	Coatings €'000	Supply €'000	Total reportable segments €'000
Revenue	52,921	9,899	62,820
Gross Profit	7,874	1,978	9,852
Adjusted EBITDA	(345)	851	506
Depreciation and amortisation			(3,500)
Performance share plan			1
Exceptional items			(3,092)
Operating Loss			**(6,085)**
Finance costs			(1,124)
Loss before tax			**(7,209)**

Year ended 31 December 2020	Coatings €'000	Supply €'000	Total reportable segments €'000
Revenue	50,760	8,138	58,898
Gross Profit	15,845	2,302	18,147
Adjusted EBITDA	4,033	1,130	5,163
Depreciation and amortisation			(2,995)
Performance share plan			90
Exceptional items			(1,025)
Operating Profit			**1,233**
Finance costs			(1,050)
Profit before tax			**183**

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Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

At 31 December 2021 and 2020, the Group has the following specific assets allocated to the business segments:

31 December 2021	Coatings €'000	Supply €'000	Total reportable segments €'000
Goodwill	8,496	848	9,344
Inventories	1,156	2,452	3,608
Trade and other receivables	14,005	1,691	15,696
Trade, deferred income and other payables	(20,736)	(4,297)	(25,033)

31 December 2020	Coatings €'000	Supply €'000	Total reportable segments €'000
Goodwill	8,422	848	9,270
Inventories	814	2,315	3,129
Trade and other receivables	10,437	1,320	11,757
Trade, deferred income and other payables	(14,547)	(3,584)	(18,131)

Assets, including PPE and certain intangibles, are used across the Group and are not, therefore, attributable to any specific segment.

4.2. Geographical location

Revenues from external customers attributed to the Group's country of domicile and attributed to foreign countries from which the Group derives revenue is presented below.

	31 December 2021 €'000	31 December 2020 €'000
Spain	**30,937**	25,148
United Kingdom	**1**	628
Rest of Europe	**25,573**	24,239
Rest of World	**6,309**	8,883
	62,820	58,898

At 31 December 2021 the Group has non-current assets allocated to Europe and "Rest of the World" for an amount of €31,072 thousand and €1,144 thousand, respectively (€29,415 thousand and €1,986 thousand, respectively, at 31 December 2020).

4.3. Information about major customers

The revenues from transactions with individual customers which contribute 10% or more to the Group's revenue for the year ended 31 December 2021 are detailed below. There are no revenues from transactions with individual customers which contribute 10% or more to the Group's revenue for the year ended 31 December 2020.

	31 December 2021
Customer	
Marina Barcelona 92, S.A.	18%
Alblasserdam Yachtbuilding, B.V.	15%

5. OPERATING (LOSS)/PROFIT

Operating (loss)/profit has been arrived at after (charging)/crediting:

	31 December 2021 €'000	31 December 2020 €'000
Exceptional items (see note 6)	**(3,092)**	(1,025)
Net foreign exchange losses	**(39)**	(15)
Depreciation of property, plant and equipment	**(2,539)**	(1,996)
Amortisation of intangible assets	**(961)**	(969)
(Losses) / gains on disposals	**(8)**	38
Reversal of impairment/(impairment) on trade receivables	**5**	(32)
Cost of materials	**(13,890)**	(11,341)
Staff costs (see note 8)	**(24,293)**	(20,400)

Other losses consist net foreign exchange losses and losses on disposals.

5.1. Other operating costs

	31 December 2021 €'000	31 December 2020 €'000
Cost of materials	**13,890**	11,341
Staff costs	**24,293**	20,400
Other costs of sales	**16,426**	14,114
Administrative expenses	**7,705**	7,880
Depreciation and amortisation	**3,500**	2,995
Exceptional items	**3,092**	1,025
Performance share plan	**(1)**	(90)
	68,905	57,665

6. EXCEPTIONAL ITEMS

	31 December 2021 €'000	31 December 2020 €'000
Harwood fees	**(443)**	-
Covid -19	**(1,830)**	(812)
Nobiskrug bad debt	**(772)**	-
Restructuring costs	**(47)**	(213)
	(3,092)	(1,025)

Excluding the impact of the exceptional items shown above, the operating loss for 2021 was €2,993 thousand (2020: profit €2,258 thousand).

Covid-19

During 2021, the Group incurred significant costs that were a direct result of the COVID pandemic. These costs fall into three broad categories: new costs, incremental employee related costs and additional non-employee costs. In 2020 the Group also benefited from a government backed program in the USA. These COVID related costs and benefit have been treated as exceptional.

The Group's workforce is highly mobile, regularly moving between countries, shipyards and ships, mingling with significant numbers of other people, and working in close proximity. The pandemic meant that they operate in an environment where there were significant new burdens in terms of personal protective equipment, social distancing and testing. Travel was significantly disrupted and then affected by the varying social distancing measures required by different countries and shipyards.

New costs
In response to the pandemic, the Group incurred new costs for products and services that it had to procure which were not part of ordinary trading. These included testing (PCR, lateral flow, blood tests, etc.), PPE for the parts of the workforce that had not previously required it, screens to provide protective environments within offices and other workplaces. These costs totalled €470 thousand in 2021 and €105 thousand in 2020.

Additional workforce costs
The largest impact on employee related costs during 2020 was driven by the use of quarantine to try and reduce infection rates. The Group's highly mobile workforce was required to regularly quarantine upon entering a country, before entering a shipyard or upon returning to Spain. Positive tests for infection of one team member frequently led to whole teams being quarantined for up to two weeks. In these scenarios the company was required to bring in additional flexible labour to maintain production schedules while employees and existing sub-contractors were quarantined. To mitigate the costs of quarantine, the Group offered incentives to employees while travelling to stay abroad for longer periods and avoid having to quarantine as frequently.

The overall impact of these employee related costs was an increase in manpower of €152 thousand in 2021 and €425 thousand in 2020. This does not include the costs of employees who became ill with COVID which were treated as ordinary employee expenses.

Additional non-employee costs
Following the introduction of social distancing in 2020, the Group had to significantly alter its working protocols. Most seriously impacted by these changes were the Group's travel arrangements. Where previously we could accommodate four employees in an apartment on a project, we had to reduce this number to two, effectively doubling the accommodation costs on the project. In January 2022, an agreement was reached with the Group's workforce that has eliminated these additional accommodation costs going forward as social distancing requirements have been relaxed in the countries where the Group operates. Combined, these non-employee related costs totalled €1,207 thousand during 2021 and €542 thousand during 2020.

Loan Forgiveness
In the USA, a government funded support programme known as the Paycheck Protection Program (PPP) was put in place in 2020 in response to COVID. Under the terms of the PPP, companies could take out a loan principally for the purposes of maintaining existing employment levels. Under certain conditions, the loan would subsequently be forgiven. In August 2020, Pinmar USA received €400 thousand as part of PPP. The company was subsequently determined to have met the conditions of the program and the loan was forgiven. This was offset against exceptional COVID costs during 2020.

Harwood Fees - Potential offer by Harwood Capital
On 9 April 2021 Harwood Capital, one of the Company's major shareholders, disclosed that it was in the preliminary stages of evaluating a possible offer for the Company for the entire issued and to be issued share capital of the Company.

The Directors immediately commenced discussions with Harwood regarding its intentions. As part of this exercise, the Company also spoke with several other significant shareholders to gauge their response to Harwood's approach. As a result of these discussions, the Company agreed to allow Harwood a period of due diligence so that Harwood could form a better view from which to make any firm offer.

Following several months of due diligence and negotiations, Harwood informed the Group on 29 October 2021 that it would not be making a formal offer for the Group.

As part of the discussions with Harwood, to ensure compliance with various requirements of the London Stock Exchange and to manage the due diligence process, the Group incurred costs with external advisers wholly and specifically in relation to the Harwood approach. These costs, totalling €443 thousand, have been treated as exceptional in 2021.

Nobiskrug GmbH
On 12 April 2021, the Nobiskrug shipyard went into administration. At the time, the Group was working on a large Refit project and two New Build projects in this shipyard. The total amount due to the Group from Nobiskrug was €2.8 million (net of VAT). Of this amount, €2.0 million related to the Refit project and the rest related to the two New Builds.

Management immediately entered into discussions with the administrator of the shipyard, the owner of the large Refit project, and eventually the new owner of the shipyard in order to reach an agreement to restart the project. As part of these discussions, it was always agreed that the Group would receive payment for the associated outstanding invoices. As a result of this agreement, no bad debt provision was made in relation to these invoices in 2021. In January 2022, the Group received payment for the outstanding invoices and recommenced work on the Project on broadly similar terms to the original contract.

Management also entered into discussions regarding the two New Build projects. Due to the greater uncertainty surrounding the restart of these two projects, a bad debt provision of €772 thousand was taken in 2021 to reflect the diminished recoverability of those invoices.

This is the first instance of a shipyard going into administration in the Group's history. The rarity of the event, combined with the scale of the Group's exposure, led to the bad debt provision of €772 thousand associated with it being treated as exceptional.

The tax effect of the above exceptional costs amounted to €661 thousand for the year ended 31 December 2021 (€213 thousand for the year ended 31 December 2020).

7. AUDITORS' REMUNERATION

The fees for audit and non-audit services provided by the auditors of the Group's consolidated financial statements and of certain individual financial statements of the consolidated companies, PricewaterhouseCoopers LLP., and by companies belonging to PricewaterhouseCoopers's network, were as follows:

	31 December 2021 €'000	31 December 2020 €'000
Fees payable to the Company's auditors for the audit of the parent company and consolidated financial statements	**153**	85
Fees payable to the Company's auditors for the audit of company's subsidiaries	**170**	122
Additional fees payable to the company's auditors for prior year audit	**41**	108
Fees payable to the Company's auditors for other services:		
Other related assurance services	**-**	67
Other non-audit services	**5**	32
	369	414

8. STAFF COSTS

The monthly average number of employees (including Executive Directors) was:

	31 December 2021 €'000	31 December 2020 €'000
Senior Management	**10**	12
Sales & Administration	**95**	91
Production	**327**	292
	432	395

Their aggregate remuneration comprised:	31 December 2021 €'000	31 December 2020 €'000
Wages	**18,946**	16,345
Social security costs	**5,347**	4,055
	24,293	20,400

Directors' emoluments:	31 December 2021 €'000	31 December 2020 €'000
Directors' emoluments		
Salaries, fees and bonus	**968**	868
Performance share plan costs	**110**	194
Highest paid Director		
Salaries, fees and bonus	**281**	263
Performance share plan costs	**49**	105

The performance share plan costs detailed in the above table correspond to the expense registered during the year. No share options have been exercised in 2021 and 2020.

Further information about the remuneration of individual directors is provided in the audited part of the Directors' Remuneration Report.

9. FINANCE COSTS

	31 December 2021 €'000	31 December 2020 €'000
Interest on bank overdrafts and loans	**677**	880
Unwinding of capitalised loan issue costs (note 17)	**197**	-
Interest on obligations under leases	**48**	19
Other financial costs - net	**202**	151
	1,124	1,050

10. TAX

10.1 Tax recognised in profit or loss

	31 December 2021 €'000	31 December 2020 €'000
Corporation Tax		
Current year	**(142)**	(47)
Prior years	**(1,065)**	-
	(1,207)	(47)
Deferred tax		
Timing differences	**197**	196
Tax losses	**1,507**	(80)
	1,704	116
Total	**497**	69

Spanish Corporation tax is calculated at 25% of the estimated taxable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The income tax expense for the year can be reconciled to the accounting (loss)/profit as follows:

	31 December 2021 €'000	31 December 2020 €'000
Profit/(Loss) before tax from continuing operations	**(7,209)**	183
Tax at the Spanish corporation tax rate (25%)	**1,802**	(46)
Overseas tax differences	**(86)**	32
Tax effect of incomes / (expenses) that are not considered in determining tax profit	**(1,112)**	77
Utilisation of previously unrecognised losses	**-**	-
Other differences	**(107)**	6
Total	**497**	69

10.2. Deferred tax balances

The following is an analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

31 December 2021

	Opening Balance €'000	Recognised in profit or loss €'000	Closing Balance €'000
Property, plant & equipment	108	11	119
Tax losses	1,110	1,496	2,606
Intangible and tangible assets	(3,148)	197	(2,951)
Net	**(1,930)**	**1,704**	**(226)**
Deferred tax assets	**429**	**1,507**	**1,936**
Deferred tax liabilities	**(2,359)**	**197**	**(2,162)**

31 December 2020

	Opening Balance €'000	Recognised in profit or loss €'000	Closing Balance €'000
Property, plant & equipment	74	34	108
Tax losses	1,224	(114)	1,110
Intangible and tangible assets	(3,345)	197	(3,148)
Net	**(2,047)**	**117**	**(1,930)**
Deferred tax assets	**508**	**(79)**	**429**
Deferred tax liabilities	**(2,555)**	**196**	**(2,359)**

Deferred tax assets are calculated at the existing tax rates for the specific jurisdiction where the losses have occurred.

The deferred tax assets from tax losses are related to tax losses from Spain and other countries like France and United States with no time limit for their application.

	31 December 2021 €'000	31 December 2020 €'000
Between two and five years	**2,607**	-
More than five years	**-**	1,109
	2,607	1,109

10.3. Unrecognised deductible temporary differences, unused tax losses and unused tax credits

	31 December 2021 €'000	31 December 2020 €'000
Tax losses	**483**	242
Deductible temp. diff	**193**	-
	676	242

In determining the recoverable amounts of the Group's deferred tax assets, the Group applied the future taxable income projections from the approved business plans. Given the estimation uncertainty of the timing and duration of the recovery from COVID-19, the Group exercises judgement in the determination of cash flows during this recovery and subsequent periods. In exercising this judgement, while there are no time restrictions on the utilisation of historic tax losses in the principal jurisdictions in which the Group operates, future cash flow projections are forecast for a period of up to two years from the balance sheet date.

The Spanish Tax Authority has recently conducted an audit into certain legacy tax matters relating to a period several years prior to the Company's IPO on AIM in 2017. The audit formal conclusion was received on 27 July 2021 and agreement in principle has now been reached as to the amount owed by the Company. The total amount owed related to prior year was €1,285 thousand (€956 thousand of corporate tax, €186 thousand of penalties and €143 thousand of interest expense).

11. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY

From continuing operations

Adjusted basic earnings are presented to eliminate the effect of the exceptional items, amortisation and impairment of intangible assets, gains on financial instruments and performance share plan costs (considering the tax effect of these adjustments):

	31 December 2021 €'000	31 December 2020 €'000
Earnings attributable to shareholders	**(6,712)**	252
Amortisation of intangible assets and depreciation of tangible assets	**3,500**	2,995
Performance share plan	**-**	(90)
Exceptional items	**3,092**	1,025
Tax effect of above adjustments	**(2,175)**	(1,297)
Adjusted basic earnings	**(2.295)**	2,885

Basic earnings per share are calculated by dividing net profit for the year attributable to the Group (i.e. after tax and non-controlling interests) by the weighted average number of shares outstanding during that year.

Diluted earnings per share have been calculated on a similar basis taking into account dilutive potential shares under the agreements disclosed in note 22.

	31 December 2021 €'000	31 December 2020 €'000
Earnings for the period attributable to shareholders (€000)	**(6,712)**	252
Weighted average number of shares	**46,640,000**	46,640,000
Basic earnings per share (€)	**(0.14)**	0.00
Adjusted basic earnings per share (€)	**(0.05)**	0.07
Dilutive weighted average number of shares	**47,987,728**	47,987,728
Diluted earnings per share (€)	**(0.14)**	0.00
Adjusted diluted earnings per share (€)	**(0.05)**	0.07

12. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	Goodwill €'000
Cost	
At 1 January 2020	9,350
Exchange differences	(80)
At 31 December 2020	9,270
Exchange differences	74
At 31 December 2021	9,344
Carrying amount	
At 31 December 2021	9,344
At 31 December 2020	9,270

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Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	31 December 2021 €'000	31 December 2020 €'000
Coatings	**8,496**	8,422
Supply	**848**	848
	9,344	9,270

Other intangible assets

	Customer relationships, brands and backlog €'000	Software €'000	Total €'000
Cost			
At 1 January 2020	15,233	302	15,535
Additions	-	617	617
At 31 December 2020	15,233	919	16,152
Additions	-	917	917
At 31 December 2021	15,233	1,836	17,069
Accumulated amortisation			
At 1 January 2020	4,915	172	5,087
Charge of the period	922	47	969
At 31 December 2020	5,837	219	6,056
Charge of the period	919	42	961
At 31 December 2021	6,756	261	7,017
Carrying amount			
At 31 December 2021	8,477	1,575	10,052
At 31 December 2020	9,396	700	10,096

Impairment reviews
The Group performs an annual impairment review for goodwill and other intangible assets, or more frequently if there are indications that these might be impaired.

Testing is carried out by allocating the carrying value of these assets to cash-generating units (CGUs) and determining the recoverable amounts of those CGUs. The recoverable amount is the higher of the fair value minus the costs of selling and its value in use. Value in use calculations are based on cash-flow discounting methods.

The discounted cash-flows are calculated based on 3-year projections of the budgets approved by the Board of Directors. These cash-flows consider past experience and represent the best estimate of management on future market developments and Group performance.

The key assumptions for determining the value in use include the pre-tax discount rate, which has been estimated at 16.25% for the goodwill registered for each of the Coatings and Supply segments (and at 17.25% for ACA Marine, SAS) and a long-term growth rate of 3.0%. These estimates, including the methodology used, may have a significant impact on the registered values and impairment losses. Management has concluded that the estimated growth rate used does not exceed the average long-term growth rate for the relevant markets where the group operates (Europe and USA).

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount for each of the group of CGUs to which goodwill and other intangible assets are allocated.

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As part of this scenario analyses, the Directors considered the impact on the recoverable amounts of the assets based upon the following changes to the two key assumptions set out above for both of the periods under review:

- Long-term growth rate: reduced from 3.0% to 2.0%
- Pre-tax discount rate: increased from 16.25% to 17.25%

If we reduce the long-term growth rate by 1% and decrease the pre-tax discount rate by 2% the level of headroom would decrease by €3 million.

Under neither of these scenarios did the recoverable amounts fall below or anywhere near the carrying value of the assets. As a result of this analysis, the Directors believe that any reasonably possible change in the key assumptions would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the related CGUs.

13. PROPERTY, PLANT AND EQUIPMENT

	Property €'000	Plant and equipment €'000	Other plant, tools, and furniture €'000	Other tangible assets €'000	Total €'000
Cost					
At 1 January 2020	5,942	2,211	3,743	9,996	21,892
Reclassifications	47	28	(61)	(14)	-
Additions	71	203	127	2,386	2,787
IFRS 16 – Right of use assets – Additions	516	-	-	-	516
Disposals	-	(12)	(11)	(343)	(366)
IFRS 16 – Right of use assets – Disposals	(392)	-	-	-	(392)
Exchange differences	-	(40)	(1)	(9)	(50)
At 31 December 2020	6,184	2,390	3,797	12,016	24,387
Reclassifications	219			(219)	-
Additions	20	198	68	290	576
IFRS 16 – Right of use assets – Additions	819	-	-	1,943	2,762
Disposals	-	(5)	(16)	(18)	(39)
Exchange differences	(9)	(75)	(2)	(14)	(100)
At 31 December 2021	7,233	2,508	3,847	13,998	27,586
Accumulated amortisation					
At 1 January 2020	1,980	1,391	2,803	5,366	11,540
Charge of the period	112	200	208	594	1,114
IFRS 16 – Right of use assets – Charges	882	-	-	-	882
Disposals	-	(11)	(11)	(326)	(348)
Exchange differences	-	26	-	4	30
At 31 December 2020	2,974	1,606	3,000	5,638	13,218
Charge for the period	111	189	204	589	1,093
IFRS 16 – Right of use assets – Charges	1,179	-	-	267	1,446
Disposals	-	(1)	(3)	(27)	(31)
Exchange differences	(3)	(49)	-	(9)	(61)
At 31 December 2021	4,261	1,745	3,201	6,458	15,665
Carrying amount					
At 31 December 2020	3,210	784	797	6,378	11,169
At 31 December 2021	2,972	763	646	7,540	11,921

Property, plant and equipment consists of different categories of tangible assets which are used across the Group in the delivery of goods and services. Other tangible assets consist primarily of scaffolding equipment.

The main additions for the year ended 31 December 2021 and 2020 correspond to the acquisition of machinery, other equipment, a new property lease and scaffolding.

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Leases
This note provides information for the leases where the group is a lessee. The amounts recognised in the balance sheet are as follows:

	31 December 2021 €'000	31 December 2020 €'000
Non-current assets: Property, plant and equipment - Right of use asset	3,239	2,906
Current liabilities: Lease liabilities	(1,374)	(2,035)
Non-current liabilities: Lease liabilities	(1,872)	(904)

The following table sets out a maturity analysis of lease payments related to IFRS16, showing the undiscounted lease payments to be made after the reporting date.

In thousands of euros	**2021**	2020
Less than a year	**1,374**	1,004
One to five years	**1,872**	717
More than five years	**-**	-

During the year, the Group made payments of €2,485 thousand towards leases (2020: €1,505 thousand).

During 2021, the Group conducted a sensitivity analysis which results that a change of a 1% in the incremental borrowing rate would have the following impact on the Group financial statements:

	31 December 2021 €'000	
Balance Sheet	**1%**	**3%**
Increase/(decrease) in Right of Use assets	19	(19)
Increase/(decrease) in lease liabilities	21	(21)
Profit for the year		
Increase/(decrease) in depreciation	(2)	2

14. INVENTORIES

	31 December 2021 €'000	31 December 2020 €'000
Raw materials	**1,156**	894
Goods for resale	**2,452**	2,235
	3,608	3,129

The cost of inventories recognised as an expense during the year amounted to €13,890 thousand (€11,341 thousand in 2020).

15. TRADE AND OTHER RECEIVABLES

	31 December 2021 €'000	31 December 2020 €'000
Trade receivables	**8,685**	5,798
Contract assets	**5,429**	4,018
Other receivables	**906**	1,254
Tax receivables	**676**	687
	15,696	11,757

Trade and other receivables are all current and any fair value difference is not material. Trade receivables are considered past due once they have passed their contracted due date.

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Amounts invoiced to customers are due in 30 days. The Group recognises an allowance for doubtful debts of 100% against those receivables overdue that after a specific analysis are considered not recoverable.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the Group has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality of the customers and the amounts are still considered recoverable.

The Group does not hold any collateral or other credit enhancements over any of its trade receivables nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Amounts receivable from customers can be analysed as follows:

	31 December 2021 €'000	31 December 2020 €'000
Amount receivable not past due	**2,550**	1,235
Amount receivable past due but not impaired	**6,135**	4,563
Amount receivable impaired (gross)	**211**	216
Less impairment	**(211)**	(216)
	8,685	5,798

Neither the amounts due from service contract customers nor receivables from other debts are past due or impaired in the current and prior periods.

The ageing of past due but not impaired receivables is as follows:

	31 December 2021 €'000	31 December 2020 €'000
<60 days	**2,879**	4,240
61-90 days	**33**	73
>91 days	**3,223**	250
	6,135	4,563

On 12 April 2021, the Nobiskrug shipyard went into administration. At the time, the Group was working on a large Refit project and two New Build projects in this shipyard. The total amount due to the Group from Nobiskrug was €2.1 million (net of VAT).

Management immediately entered into discussions with the administrator of the shipyard, the owner of the large Refit project, and eventually the new owner of the shipyard in order to reach an agreement to restart the Refit project. As part of these discussions, it was always agreed that the Group would receive payment for the outstanding invoices related to the Refit project. As a result of this agreement, no bad debt provision was made in relation to these invoices in 2021. In January 2022, the Group received payment of €2.2 million for the outstanding invoices and recommenced work on the Project on broadly similar terms to the original contract. A bad debt provision of €771 thousand was recognised in relation to the other Nobiskrug balances.

The movement in the allowance recorded for doubtful debts is as follows:

	31 December 2021 €'000	31 December 2020 €'000
Balance at the beginning of the year	**(216)**	(222)
Transfer	**-**	(29)
Amounts written off during the year as uncollectible	**772**	29
Impairment losses (recognised)	**(772)**	(32)
Amounts recovered during the year	**5**	38
	(211)	(216)

Contract assets

The contract assets primarily relate to the Group's right to consideration for construction work completed but not invoiced at the balance sheet date. The contract assets are included within the caption "Trade and other receivable". The balance increased during the year by €1.4 million as the Group had worked more during the period than amount billed which is reflected in the increase in trade receivables.

16. CASH AND CASH EQUIVALENTS

	31 December 2021 €'000	31 December 2020 €'000
Cash and cash equivalents	**443**	3,600
	443	3,600

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to their fair value.

Net debt
Movements in net debt were as follows:

€ million	Balance at January 1, 2021	Cash flows	New leases and modifications	Other items	Balance at January 1, 2021
Bank, other loans, asset financed liabilities and other financing liabilities	12,361	3,585	-	-	15,946
Cash and cash equivalents	(3,600)	3,157	-	-	(443)
Lease liabilities	2,939	(2,485)	2,762	30	3,246
	11,700	4,257	2,762	30	18,749

€ million	Balance at January 1, 2020	Cash flows	New leases and modifications	Other items	Balance at January 1, 2020
Bank, other loans, asset financed liabilities and other financing liabilities	9,977	2,384	-	-	12,361
Cash and cash equivalents	(5,529)	1,929	-	-	(3,600)
Lease liabilities	2,939	(1,505)	516	989	2,939
	7,387	2,808	516	989	11,700

17. BORROWINGS

	31 December 2021 €'000	31 December 2020 €'000
Syndicated loan	**2,000**	4,918
ICO loan	**3,500**	3,000
Related Party Loan - Harwood	**2,988**	-
Capitalised costs – net	**(265)**	(109)
Revolving credit facility	**-**	1,310
Factoring facility	**5,492**	3,179
CDTI loan	**231**	-
Credit facilities	**2,000**	63
Total borrowings	**15,946**	12,361
Amount due for settlement within 12 months	**12,882**	9,789
Amount due for settlement after 12 months	**3,064**	2,572

The difference in capitalised costs – net set out above and the figure in note 9 relates to fees charged to the Group by the banks for a modification of the syndicated loan facility.

17.1. Summary of the borrowing arrangements

Syndicated loan -
On 3 March 2016, the Group subsidiary, Hemisphere Coating Services, S.L.U., signed a syndicated loan agreement with three financial institutions, which was originally due to expire in March 2021.

This syndicated loan is guaranteed by certain of the Group subsidiaries and consists of two different facilities:

- Facility A: loan for a total amount of €9,180 thousand with biannual maturities of €918 thousand until it was fully repaid in March 2021.
- Facility B: loan for a total amount of €4,000 thousand maturing at the end of the contract on March 2021 . This facility was renegotiated in March 2021 extending the facility to December 2022, requiring four €1m payments every six months commencing in June 2021. There are covenants attached to this facility.

Both facilities bear interest at EURIBOR +3%.

The loan requires compliance with certain financial covenants. For the year ended 31 December 2021 the Group have obtained a waiver for financial covenants.

ICO Loan -
On 29 June 2020, the Group entered into floating rate syndicated financing agreements of €3.0 million of new borrowing facilities through the Spanish government's ICO loan facility. The ICO in Spain guarantees 70 per cent of the value of loans.

On 5 October 2021, the Group entered into floating rate financing agreement of €0.5 million of new borrowing facilities through the Spanish government's ICO loan facility. The ICO in Spain guarantees 70 per cent of the value of loans.

Under the terms of these ICO loans, there is no repayment during the twelve months following execution and the outstanding balance is repaid over the subsequent 48 months via equal monthly payments. The payback term was renegotiated in March 2021 extending the no repayment period from twelve months to twenty-four months.

The ICO facilities bear interest at 4% and 1.5%. The amount drawn on 31 December 2021 was €3.5 million.

Related Party Loan -
In July 2021, the Company agreed terms with North Atlantic Smaller Companies Investment Trust plc ("NASCIT", an associate of Harwood Capital LLP ("Harwood") , the Company's second largest shareholder) to provide the Company with a short-term loan ("Loan" or "Loan Agreement") for €3.0 million.

The maturity date of the Loan was 31 December 2021, however, on 15 December 2021, the Company agreed terms with Harwood Capital Management Limited, an associate of Harwood, to advance a new loan of €3.0 million (the "New Loan" or "New Loan Agreement") which was used to repay the Loan.

The New Loan attracts interest at 8% p.a., with a maturity date of 31 March 2022. There are no arrangement fees associated with the New Loan, which can be repaid by the Company at any time without penalty on or before its maturity date.

Additionally, the Group has at its disposal:

- Credit facilities up to €2.0 million.
- Factoring and discounting facilities up to €9 million.
- Bank guarantees up to €3.4 million, of which €2.5 million were drawn as of 31 December 2021.

As a result of the above agreements, at year end the Group has bank facilities totalling €14.4 million of which €10.0 million were drawn and €4.4 million were undrawn as of 31 December 2021.

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18. TRADE, DEFERRED INCOME AND OTHER PAYABLE

	31 December 2021 €'000	31 December 2020 €'000
Trade payables	**14,617**	12,020
Contract liabilities – Deferred income	**7,933**	3,639
Wages and salaries	**-**	2
Tax payables	**2,483**	2,470
	25,033	18,131

Under the caption "Contract liabilities - Deferred income" are contractual advances from customers related to on-going and future projects. This number increased by €4,294 thousands as the Group received more in deposits from clients during the period than it did in 2020. As revenue is recognised in relation to these contracts, the liability is decreased by an equal amount until the liability is fully extinguished.

The average credit period taken for trade purchases is normally between 30 and 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

19. PROVISIONS

	€'000
At 1 January 2020	**487**
Charge for the year	**271**
Released	**(383)**
At 31 December 2020	**375**
Charge for the year	**195**
Released	**(356)**
At 31 December 2021	**214**
Current	**195**
Non-current	**19**

	31 December 2021 €'000	31 December 2020 €'000
Guarantee provision	**195**	356
Legal and tax provision	**19**	19
	214	375

As of 31 December 2021, the Group has a current provision amounting to €195 thousand (2020: €356 thousand), for re-painting guarantees contemplated in the contractual agreements with clients for the painting of boats and vessels. This provision is calculated as guarantee borne in the past year compared to the total turnover for the corresponding year.

At 31 December 2021 the Group and its legal advisers consider that the provisions recorded are sufficient for covering future obligations.

20. EQUITY

At 31 December 2020 and 2021 the Company's share capital amounted to €106 thousand represented by 46,640,000 ordinary shares with a par value of £0.002, issued and fully paid up.

No dividend was declared or paid during the year ended 31 December 2021.

At 31 December 2021 the Group has a share based payment reserve amounting to €284 thousand based on the agreements disclosed in note 22.

21. NOTES TO THE CASH FLOW STATEMENT

	2021 €'000	2020 €'000
(Loss) / profit for the year before tax	**(7,209)**	**183**
- Depreciation and amortisation	**3,500**	2,995
- Other gains	**(46)**	-
- Performance share plan	**(1)**	(90)
- Finance costs	**1,124**	1,050
Adjustments to (Loss) / profit	**4,577**	**3,955**
- Increase in inventories	**(479)**	(594)
- Increase in trade and other receivables	**(3,978)**	(2,682)
- Increase in trade, other payables and provisions	**6,739**	554
Changes in working capital	**2,282**	**(2,722)**
- Interest paid	**(1,124)**	(1,050)
- Income tax paid	**(1,292)**	(470)
Other cash flows used in operating activities	**(2,416)**	**(1,520)**
CASH FLOWS FROM OPERATING ACTIVITIES	**(2,766)**	**(104)**

22. SHARE-BASED PAYMENTS

Performance Share Plan
The Company established a Performance Share Plan (the "PSP") for Directors and other selected senior management, which was adopted by the Board on 23 June 2017.

This award grants an option to acquire ordinary shares in the capital of the Company at a price of £0.002 per ordinary share, subject to the Performance Target. The award will normally vest on the third anniversary of grant or, if later, when the Remuneration Committee determines the extent to which any performance conditions have been satisfied. These will be exercisable up until the tenth anniversary of grant unless they lapse earlier.

In 2020, the 2017 plan was cancelled because the performance conditions had not been satisfied.

The Company established a subsequent Performance Share Plan (the "PSP") for Directors and other selected senior management, which was adopted by the Board on 18 August 2020. The rules and conditions of this plan are identical to the 2017 plan.

Details of the share options outstanding during the year are as follows:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 1 January 2020	557,334	0.2
Granted during the year	518,822	0.2
Cancelled during the year	(259,569)	0.2
Outstanding at 31 December 2020	816,587	0.2
Granted during the year	-	0.2
Cancelled during the year	(363,919)	-
Outstanding at 31 December 2021	452,668	0.2

Assumptions used in the Black-Scholes model to determine the fair value:

	2020 PSP
Share price at grant date (pence)	69.5
Exercise price (pence)	0.2
Option life (years)	3
Risk-free interest rate (%)	0.63%
Expected volatility (%)	66.7%
Expected dividend yield (%)	0%

Expected volatility was determined by calculating the historical volatility of the Group's share price since the Company was admitted to the AIM Market.

In 2021 the Group recognised a credit amounting to €1 thousand for these plans. In 2020, the Group has recognised a credit amounting to €90 thousand for these plans.

Warrant
The Company granted a warrant to Zeus Capital to subscribe for such number of ordinary shares as is equal to 1 per cent of the enlarged share capital of the Company following completion of the placing. The warrant shall be exercisable in whole or in part at any time during the period of 5 years from the first anniversary of Admission. The warrant shall be exercisable at the placing price multiplied by 105%.

Details of the warrant outstanding during the year are as follows:

	Number of share options	Weighted average exercise price (pence)
Outstanding at 31 December 2021	466,400	105
Outstanding at 31 December 2020	466,400	105

Assumptions used in the Black-Scholes model to determine the fair value:

Share price at grant date (pence)	100
Exercise price (pence)	105
Option life (years)	5
Risk-free interest rate (%)	2.50%
Expected volatility (%)	28.60%

23. FINANCIAL INSTRUMENTS

Capital risk management
The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to shareholders through the optimisation of the debt and equity balance. The Directors regularly review the working capital forecasts of the Group to understand the impact of Group performance and outside factors, such as the COVID pandemic, on the liquidity position of the Group. Where necessary, the Directors alter the balance of different types of equity that the Group can access.

The capital structure of the Group consists of net debt (borrowings disclosed in note 17) and equity of the Group.

Significant accounting policies
Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 2.

Categories of financial instruments

	31 December 2021 €'000	31 December 2020 €'000
Financial assets		
At amortised cost		
Cash and cash equivalents (note 16)	**443**	3,600
Loans and receivables - long term	**225**	197
Other financial assets	**130**	6
Trade and other receivables (note 15)	**15,020**	11,756
	15,818	15,559

	31 December 2021 €'000	31 December 2020 €'000
Financial liabilities		
At amortised cost		
Amortised cost - borrowings (note 17)	**10,454**	9,203
Finance lease liabilities	**-**	24
Lease liabilities (note 13)	**3,246**	2,939
Other financial liabilities	**-**	38
Liabilities under factoring facilities (note 17)	**5,492**	3,179
Trade payables (note 18)	**14,617**	12,020
At fair value through P&L		
Derivative instruments not designated hedge accounting relationships	**-**	2
	33,809	27,405

The carrying value of all financial assets and financial liabilities equate to the fair value.

Management of the Group's financial risks is centralised in the Group's Finance Department, which has established mechanisms to monitor interest rate and exchange rate exposure, as well as credit and liquidity risk. The main financial risks affecting the Group are indicated below:

1. Credit risk
Credit risk arises from cash and cash equivalents and credit exposure to customers, including outstanding receivables. Credit risk is managed on a group basis.

For banks and financial institutions, only those with a Moody's rating of AAA (or equivalent) or with which the Group has an existing borrowing relationship are accepted.

Clients within the Coatings sector are either ultra-high net worth individuals, the companies through which they own their boats or shipyards that act as main contractors on behalf of the boat owners. The credit risk of the first two categories is extremely low. The risk is also mitigated by the fact that the Group has to complete a project before the owner can use the vessel again. The staged payments typical in these types of contracts means that there is very little exposure to unpaid receivables by the end of a project.

The Group regularly reviews the credit ratings of each shipyard with whom in contracts to understand any potential credit risk associated with them. Individual risk limits are set based on external ratings in accordance with limits set by the board.

Credit exposure within the supply business comprises trade receivables with yachts and their owners which are described above. Trade customers (e.g. not yachts) have individual credit limits based on public ratings and payment history. The compliance with credit limits by Supply customers is regularly monitored by line management. For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Group's treatment of bad debts and potential bad debts during the periods under review for trade and other receivables, including an analysis of past due amounts, is set out in note 15.

2. Liquidity risk
The Group manages liquidity risk by maintaining sufficient cash and equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

At the end of the reporting period, the Group held cash and cash equivalents of €0.4 million (2020: €3.6 million) that are expected to readily generate cash inflows for managing liquidity risk. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines. Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is carried out by management at Group level.

In addition, the group's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against external regulatory requirements and maintaining debt financing plans.

Financing arrangements
The Group had access to €14.4 million of working capital facilities at 31 December 2021. The Group's working capital facilities are subject to annual review and renewal.

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities for: all non-derivative financial liabilities and net settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Contractual maturities of financial liabilities at 31 December 2021	**Less than 12 months €'000**	**Greater than 12 months €'000**	**Carrying amount €'000**
Non-derivatives			
Trade payables	14,617	-	14,617
Borrowings	7,390	3,064	10,454
Liabilities under factoring facilities	5,492	-	5,492
Lease liabilities	1,374	1,872	3,246
Total	**28,873**	**4,936**	**33,809**
Derivatives			
Interest rate swap	-	-	-
Total	**-**	**-**	**-**

Contractual maturities of financial liabilities at 31 December 2020	**Less than 12 months €'000**	**Greater than 12 months €'000**	**Carrying amount €'000**
Non-derivatives			
Trade payables	18,084	-	18,084
Borrowings	4,346	2,627	6,973
Liabilities under factoring facilities	3,179	-	3,179
Lease liabilities	2,035	904	2,939
Total	**27,644**	**3,531**	**31,175**
Derivatives			
Interest rate swap	2	-	2
Total	**2**	**-**	**2**

3. Currency risk
The Group operates primarily in euro and US Dollar. The Group mitigates the risk by incurring costs in currencies matching its revenues. Any remaining transactional foreign currency exposure is not considered to be material and is not hedged. As at 31 December 2021, the Group had not derivative contracts for currency hedging purposes.

4. Market risk
The Group's activities has a moderate expose it primarily to the financial risks of changes in interest rates. The Group's management focusses on the uncertainty of financial markets and attempts to minimise the potential adverse effects on its profitability.

4.1. Interest rate risk
As of 31 December 2021 and 2020, the main borrowing corresponds to the syndicated loan which bears a variable interest rate.

4.1.1. Sensitivity analysis:
A change of a 0.5% in interest rates would have the following impact on the Group financial statements:

	31 December 2021 €'000	31 December 2020 €'000
Profit for the year		
Increase in rates	**(28)**	(39)
Decrease in rates	**28**	39

This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis also assumes that all other variables remain constant and considers the effect of financial instruments with variable interest.

5. Capital management
The primary objective of the Group's capital management is to ensure that it has the capital required to operate and grow the business at a reasonable cost of capital without incurring undue financial risks. The syndicated loan also requires compliance with certain financial covenants. For the year ended at 31 December 2021 the Group have obtained a waiver for financial covenants.

24. SUBSIDIARIES

The Group consists of a parent company, GYG plc, incorporated in the UK and a number of subsidiaries held directly by GYG plc, which operate and are incorporated mainly in Spain but also in some other countries around the world.

A list of the Company's subsidiaries is included below:

Name	Principal activity	Registered Office	Ownership
Civisello Inversiones, S.L.U.	Holding	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Yachting Services, S.L.U.	Holding	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Coating Services, S.L.U.	Coatings	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Hemisphere Central Services, S.L.U.	Central Services	Global Building. Muelle Viejo. Palma de Mallorca. Spain.	100%
Pinmar Yacht Supply, S.L.	Supply	Camino Escollera, 5. Palma de Mallorca. Spain	100%
Pinmar USA, Inc.	Coatings	Avenue 2010. Riviera Beach. FL 33404. USA.	100%
Global Yachting Group, Ltd	Coatings	Station Road 55. Buckinghamshire. UK.	100%
ACA Marine, Ltd	Holding	Cannon Place 78. Cannon Street. London. UK.	100%
Hemisphere Yachting Services, GmbH	Coatings	Lehmweg 17, 20251 Hamburg. Germany.	100%
Hemisphere Coating Services, B.V.	Coatings	Herikerbergweg 238. 11O1CM Amsterdam. Netherlands.	100%
Hemisphere Coating Services, S.A.S. (previously ACA Marine, SAS)	Coatings	46 Quai Francois Mitterrand. 13600 La Ciotat. France.	100%

The Group financial statements incorporate the financial statements of the parent Company, GYG plc and the above subsidiaries.

For the year ending 31 December 2021 the following subsidiaries of the Company were entitled to exemption from audit under s479 A of the Companies Act 2006 related to subsidiary companies:

Name	Principal activity	Companies House Registration Number	Ownership
Global Yachting Group, Ltd	Coatings	9533209	100%
ACA Marine, Ltd	Holding	10649007	100%

25. RELATED PARTY TRANSACTIONS

Services provided

	31 December 2021 €'000	31 December 2020 €'000
Global Yacht Finishing, S.L.	**41**	41
	41	41

Services received

	31 December 2021 €'000	31 December 2020 €'000
Harwood Capital Management Ltd	**117**	-
Quoque Ltd.	**-**	316
AKC Management Services Ltd	**67**	183
Global Yacht Finishing, S.L.	**327**	329
	511	828

GYG leases offices from Global Yacht Finishing, S.L. (Rupert Savage is a director of both GYG and Global Yacht Finishing).

Quoque Ltd (a company owned by a close family member of the Chief Executive Officer) provided consulting services in relation to ERP design and implementation. These services are reviewed and approved prior to commencement by the non-executive directors. In addition to the amounts listed above for services received, the Group credited for various accommodation and travel expenses of €30 thousand in 2021 (€34 thousand in 2020) for Quoque employees in the performance of those services. During 2021, the Quoque partner a close family member has been employed by the Company with a remuneration of €145 thousand.

During the year GYG contracted with AKC Management Services Ltd. for the provision of management services amounting to €67 thousand (€183 thousand in 2020), of which €20 thousand was outstanding at the year end (Kevin McNair is a director of both GYG and AKC Management Services Ltd). During 2021, Kevin McNair received a salary from GYG for the period after the contract between GYG and AKC Management Services Ltd had expired.

The Directors who are independent of any related party review the commercial terms of any contract or transaction prior to the Group entering into the relevant contract. They base their decisions upon prior commercial experience and, when necessary, outside advice.

Balances

	31 December 2021 €'000	31 December 2020 €'000
Harwood Capital Management Ltd.	**(3,000)**	-
AKC Management Services Ltd.	**(20)**	-
Quoque Ltd.	**-**	(25)
Global Yacht Finishing, S.L.	**(53)**	(92)
	(3,073)	(117)

Harwood, a substantial shareholder in the Company, is also classified as a related party under the AIM Rules for Companies ("AIM Rules"). Entry into the New Loan Agreement therefore constitutes a related party transaction under the AIM Rules. Accordingly, the Directors (each of whom is considered by the Board to be independent of Harwood), consider, having consulted with Singer Capital Markets Advisory LLP, acting in its capacity as the Company's nominated adviser, that the terms of the New Loan are fair and reasonable insofar as the Company's shareholders are concerned (please refer to note 17 for more information).

Remuneration of key management personnel
The remuneration of Executive Directors and Non-Executive Directors, who are the key management personnel of the group, is set out below.

	31 December 2021 €'000	31 December 2020 €'000
Salaries, fees and bonus	**968**	868

The above amounts include "salaries, fees and bonus" paid in € amounting to £196 thousand in 2021 and £150 thousand in 2020.

Further information about the remuneration of individual Directors is provided in the audited part of the Directors' Remuneration report.

26. POST BALANCE SHEETS EVENTS

In February 2022, Russia commenced an invasion of Ukraine which continues unabated as of the date of this report. The duration of the invasion and the full impact of this event is unknown at this point but it is commonly accepted that it will have a material negative impact on the European economy which will roll out on a more global basis very quickly.

In response to the invasion, the EU, the UK and the US, along with many other countries, have put in place a growing number of sanctions against Russia as a nation and, more importantly for the Group, against a growing number of Russia citizens and businesses. The individuals, commonly known as oligarchs, face the seizure of their assets outside of Russia. This includes, cash, investments, properties and, in many cases, superyachts. Independent assessments of the superyacht market estimate that between 7% and 9% of the superyachts already in service are ultimately owned by Russians.

The Group has performed a review of the existing portfolio of projects, the Order Book and the current pipeline of potential projects. While the Group does have some small exposure to existing projects that are ultimately owned by Russians, the Directors do not believe that these are likely to have a material impact on the business in 2022.

In January 2022, the Group reached an agreement with the new owner of the Nobiskrug shipyard in relation to the large Refit project. Under the terms of the new agreement, the Group agreed to complete the project on broadly similar commercial terms to the original contract and received payment for the outstanding invoices in relation to that project, totalling €2.0m.

Subsequent to the year end, the Group made repayments of €2.0 million against the loan from Harwood. At 26 April 2022, the outstanding balance of €1.0 million was scheduled to be repaid by 31 July 2022.

Financial Statements

PARENT COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 €'000	2020 €'000
Non-current assets			
Investment in subsidiary	3	**12,352**	12,353
Long-term receivables from Group companies	5	**4,059**	4,059
		16,411	16,412
Current assets			
Short-term receivables from Group companies	6	**7,389**	1,025
Trade and other receivables		**103**	24
Cash at bank and in hand		**11**	109
		7,503	1,158
Total assets		**23,914**	17,570
Current liabilities			
Trade and other payables	7	**(908)**	(472)
Short-term payables from Group companies	8	**(3,296)**	-
Borrowings	9	**(2,988)**	-
Total current liabilities		**(7,192)**	(472)
Net current assets		**311**	686
Total liabilities		**(7,192)**	(472)
Net assets		**16,772**	17,098
Equity			
Called up Share capital	10	**106**	106
Share premium account		**7,035**	7,035
Capital redemption reserve		**114**	114
Share based payment reserve	11	**284**	285
Retained earnings		**9,183**	9,558
Equity attributable to owners of the Company		**16,722**	17,098
Total equity		**16,722**	17,098

The Parent Company loss for the year was €375 thousand (loss of €21 thousand in 2020).

The financial statements on pages 90 to 94 were approved by the Board of Directors on 27 April 2022 and signed on its behalf by

Remy Millott
Chief Executive Officer

Kevin McNair
Chief Financial Officer

Registered Number: 10001363

Financial Statements

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Called up Share capital €'000	Share premium account €'000	Retained earnings €'000	Capital redemption reserve €'000	Share based payment reserve €'000	TOTAL EQUITY €'000
Balance at 1 January 2020	**106**	**7,035**	**9,579**	**114**	**375**	**17,209**
Loss for the financial year and total comprehensive expense for the year	**-**	**-**	**(21)**	**-**	**-**	**(21)**
Transactions with owners in their capacity as owners						
Charge to equity for share based payments	-	-	-	-	(90)	(90)
Balance at 31 December 2020	**106**	**7,035**	**9,558**	**114**	**285**	**17,098**
Loss for the financial year and total comprehensive expense for the year	**-**	**-**	**(375)**	**-**	**-**	**(375)**
Transactions with owners in their capacity as owners						
Charge to equity for share based payments	-	-	-	-	(1)	(1)
Balance at 31 December 2021	**106**	**7,035**	**9,183**	**114**	**284**	**16,722**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

1. GENERAL INFORMATION

GYG plc (hereinafter the "Company") was incorporated on 11 February 2016, as a private company limited by shares, as Dunwilco 2016 Limited under the United Kingdom Companies Act 2006. Subsequently, on 21 May 2016, the Company's corporate name was changed to Global Yachting Group Limited, on 25 May 2017 to GYG Limited. On 22 June 2017 the Company re-registered as a public company limited by shares. On 5 July 2017 the Company completed an Initial Public Offering ("IPO") and was admitted to the AIM Market of the London Stock Exchange. The Company is domiciled in England in the United Kingdom. The address of the registered office is Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom.

The corporate purpose of the Company is to act as the parent company for a Group operating in superyacht painting, supply and maintenance, offering services globally through operations in the Mediterranean, Northern Europe and the United States.

2. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under Financial Reporting Standard 101, "Reduced Disclosure Framework" (FRS 101) issued by the Financial Reporting Council. Accordingly, the financial statements have therefore been prepared in accordance with FRS 101. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

These financial statements have been prepared on a going concern basis, which assumes the Group and parent company will continue to be able to meet their liabilities as they fall due, within 12 months of the date of approval of these financial statements. The Directors assessment of this judgement is set out in note 2 to the consolidated financial statements.

As permitted by FRS 101, the Company has taken advantage of the following disclosure exemptions permitted under the relevant standards in relation to the following disclosures:

- share-based payments (IFRS 2);
- financial instruments (IFRS 7);
- capital management (IAS 1);
- presentation of a statement of cash flows for the period (IAS 7); and
- certain related party transactions (IAS 24, paragraphs 17, 18, 19).

Where required, equivalent disclosures are given in the consolidated financial statements.

There are not amendments to accounting standards, or IFRIC interpretation that are effective for the year ended 31 December 2021 that have a material impact on the company's financial statements.

The principal accounting policies adopted are the same as those set out in note 2 of the consolidated financial statements except as noted below. The policies have been consistently applied to all the years presented, unless otherwise stated.

Investments in subsidiaries are stated at cost less, where appropriate, provisions for impairment.

3. INVESTMENTS IN SUBSIDIARIES

	31 December 2021 €'000	31 December 2020 €'000
Cost and carrying amount	**12,352**	12,353
	12,352	12,353

The Company's only direct investment is a 100% ownership in Civisello Inversiones, S.L. This company is the direct owner of the Hemisphere Yachting Services, S.L.U. subgroup. The Directors believe that the carrying value of the investment is supported by its underlying net assets. To arrive at this belief, they complete a regular assessment of the recoverability of the investment based on the value in use of the Group's subsidiaries.

The Company's subsidiary undertakings are shown in note 24 of the consolidated financial statements.

4. LOSS FOR THE YEAR

Per section 408 of the Companies Act 2006 no Statement of Comprehensive Income for the parent company has been presented. The total comprehensive loss for the year was €375 thousand (loss of €21 thousand in 2020).

The Auditors' remuneration for audit and other services are disclosed in note 7 of the consolidated financial statements.

4.1. Staff Costs

The monthly average number of employees (including Directors) was:

	31 December 2021 €'000	31 December 2020 €'000
Non-executive Directors	**2**	2
	2	2

Their aggregate remuneration comprised:

	31 December 2021 €'000	31 December 2020 €'000
Wages	**229**	168
Social security costs	**28**	20
	257	188

Directors´ emoluments are disclosed in note 8 to the consolidated.

5. LONG-TERM RECEIVABLES FROM GROUP COMPANIES

The Company holds loan notes receivable from Civisello Inversiones, S.L.U. amounting to €4,059 thousand These bear interest at 4.5% and are due to be repaid in full by 31 December 2026.

The directors believe that the total value of the Company's investment in its subsidiaries is not less than the amounts at which they are stated in the Parent Company Statement of Financial Position.

6. SHORT-TERM RECEIVABLES FROM GROUP COMPANIES

The Company holds loan notes receivable from Hemisphere Coating Services S.L.U. amounting to €3,000 thousand These bear interest at 8% p.a. and are due to be repaid in full by 31 December 2022.

The other short-term receivables are generally non-interest-bearing and on 30 days terms.

7. TRADE AND OTHER PAYABLES

	31 December 2021 €'000	31 December 2020 €'000
Trade payables	**852**	454
Tax payables	**56**	18
	908	472

As part of the discussions with Harwood, to ensure compliance with various requirements of the London Stock Exchange and to manage the due diligence process, the Group incurred costs with external advisers wholly and specifically in relation to the Harwood approach. These costs, totalling €443 thousand , have been exceptional for the period.

The average credit period taken for trade purchases is normally between 30 and 60 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

8. SHORT-TERM PAYABLES FROM GROUP COMPANIES

The amount due to group companies are unsecured interest free and repayable on demand.

9. BORROWINGS

In July 2021, the Company agreed terms with North Atlantic Smaller Companies Investment Trust plc ("NASCIT", an associate of Harwood Capital LLP ("Harwood") , the Company's second largest shareholder) to provide the Company with a short-term loan ("Loan" or "Loan Agreement") for €3.0 million.

Financial Statements

The maturity date of the Loan was 31 December 2021, however, on 15 December 2021, the Company agreed terms with Harwood Capital Management Limited, an associate of Harwood, to advance a new loan of €3.0 million (the "New Loan" or "New Loan Agreement") which was used to repay the Loan.

The New Loan attracts interest at 8% p.a., with a maturity date of 31 March 2022. There are no arrangement fees associated with the New Loan, which can be repaid by the Company at any time without penalty on or before its maturity date.

10. CALLED UP SHARED CAPITAL
At 31 December 2021 and 2020 the Company's share capital amounted to €106 thousand represented by 46,640,000 ordinary shares with a par value of €0.002, issued and fully paid up.

11. SHARE-BASED PAYMENTS
Details of equity-settled share-based payment arrangements by the Company to Directors, other selected senior management and other entities that remain outstanding at the year end, are set out in note 22 to the Group financial statements

12. POST BALANCE SHEETS EVENTS
The post balance sheet events have been disclosed in note 26 to the group financial statements.

NOTICE OF ANNUAL GENERAL MEETING

GYG PLC (the "Company")
(incorporated and registered in England and Wales under number 10001363)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION
If you are in any doubt about its content or as to what action you should take, you should consult your stockbroker, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or another appropriately authorised independent adviser if you are in a territory outside the United Kingdom.

If you have sold or transferred all your shares in the Company, please pass this document together with the accompanying documents to the purchaser or transferee or to the stockbroker or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

Notice is hereby given that the 2022 annual general meeting of the Company will be held at the offices of FTI Consulting LLP, 200 Aldersgate, Aldersgate Street, London, EC1A 4HD on 31 May 2022 at 2.00 pm (the "AGM") for the purposes of considering and voting on the resolutions set out below. Resolutions 1 to 6 (inclusive) will be proposed as ordinary resolutions and resolution 7 as a special resolution.

Whilst it is currently anticipated that shareholders will be able to attend the AGM in person, the Company is committed to following applicable Government COVID-19 guidance and, if any restrictions are in place as at the date of the AGM, these will be observed.

The Company will continue to review Government guidelines and any changes to the AGM arrangements will be communicated to shareholders before the meeting through the Company's website (www.gygplc.com) and, where appropriate, by RNS announcement.

Hard copy proxy forms are not being sent to shareholders as the Company would like to encourage its shareholders to vote electronically, either via www.signalshares.com, via the LinkVote+ app, or via CREST where shares are held in CREST. For further information, please see note 2.d. on page 99.

ORDINARY RESOLUTIONS

1. **Report and accounts**
   To receive the financial statements and the reports of the Directors and the auditor for the year ended 31 December 2021.

2. **Election of Director**
   To elect Richard McGuire as a Director of the Company.

3. **Re-election of Director**
   To re-elect Richard King as a Director of the Company.

4. **Re-appointment of auditor**
   To re-appoint PricewaterhouseCoopers LLP as auditor of the Company to hold office until the conclusion of the Company's next annual general meeting.

5. **Authority to agree auditor's remuneration**
   To authorise the Directors of the Company to agree the remuneration of the Company's auditor.

6. **Authority to allot shares**
   That the Directors are generally and unconditionally authorised for the purposes of s551 Companies Act 2006 ("CA 2006") to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

   (a) up to an aggregate nominal amount of £31,077; and

   (b) comprising equity securities (as defined in s560(1) CA 2006) up to an aggregate nominal amount of £62,154 (such amount to be reduced by any allotments or grants made under paragraph (a) above) in connection with an offer by way of a rights issue or other pre-emptive offer or issue to:

      (i) ordinary shareholders (other than the Company) on the register on any record date fixed by the Directors in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) holders of other equity securities if this is required by the rights of those securities or, subject to such rights, as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authority to expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier) but, in each case, during this period the Company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended.

SPECIAL RESOLUTION

7. Company's authority to purchase its own shares

THAT the Company is generally and unconditionally authorised for the purposes of s701 CA 2006 to make one or more market purchases (within the meaning of s693(4) CA 2006) of its ordinary shares of £0.002 each provided that:

(a) the maximum aggregate number of ordinary shares authorised to be purchased by the Company is 6,992,325;

(b) the minimum price which may be paid for an ordinary share is £0.002 (excluding expenses), being the nominal value of each ordinary share;

(c) the maximum price which may be paid for an ordinary share is not more than the higher of:

(i) 105% of the average middle-market quotation for an ordinary share as derived from the Daily Official List of the London Stock Exchange for the five trading days immediately preceding the day on which the ordinary share is purchased; and

(ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venue where the purchase is carried out,

in each case, exclusive of expenses;

(d) this authority shall expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier), but the Company may, if it agrees to purchase ordinary shares under this authority before it expires, complete the purchase wholly or partly after this authority expires; and

any ordinary shares purchased pursuant to this authority may either be held as treasury shares or cancelled by the Company, depending on which course of action is considered by the Directors to be in the best interests of shareholders at the time.

RECOMMENDATION

The Directors consider that all the resolutions to be proposed at the AGM are in the best interests of the Company and its members as a whole. The Directors will be voting in favour of all the proposed resolutions and unanimously recommend that you vote in favour of them.

By order of the Board

Sue Steven
Company Secretary

6 May 2022

Registered Office: Cannon Place, 78 Cannon Street, London EC4N 6AF, United Kingdom
Registered in England and Wales No: 10001363

EXPLANATORY NOTES - RESOLUTIONS

Resolutions 1 to 6 (inclusive) are proposed as ordinary resolutions, which means that, for each of those resolutions to be passed, more than 50% of the votes cast must be in favour of the resolution.

Resolutions 7 is proposed as a special resolution, which means that, for the resolution to be passed, at least 75% of the votes cast must be in favour of the resolution.

The notes below explain the proposed resolutions.

Resolution 1: Receiving the reports and accounts
The Directors must present the accounts and reports of the Company for the year ended 31 December 2021 to shareholders at the AGM. These include the report of the Directors, the financial statements and the report of the auditor on the financial statements. Shareholders are being asked to receive the report and accounts.

Resolutions 2 and 3: Election and Re-election of Directors
The Company's articles of association state that all Directors are subject to election by shareholders at the first annual general meeting following their appointment by the Board. Accordingly, Richard McGuire, who was appointed as a Director on 15 December 2021, will retire at the AGM and, being eligible, will offer himself for election.

At subsequent annual general meetings, one-third of the Directors must retire from office (or, if their number is not three or a multiple of three, the number nearest to but not exceeding one-third (unless their number is fewer than three, in which case one of them shall retire)). In this regard, the Director who has been selected to retire and, being eligible, will offer himself for re-election at the AGM, is Richard King.

The biographies of both Richard McGuire and Richard King are available on the Company's website at www.gygplc.com/investor-relations/investor-relations-board-of-directors/.

The Board considers that Richard King continues to be effective and demonstrates commitment to his role as a Non-Executive Director. The Board is satisfied that both Richard McGuire and Richard King are independent of the executive management and free from any relationship which could materially affect the exercise of their independent judgement.

Resolution 4: Appointment of auditor
The auditor of a public company must be appointed at each general meeting at which accounts are laid. Resolution 4 proposes the appointment of PricewaterhouseCoopers LLP ("PWC") as auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company. Following a full tender process conducted during 2019, PWC were appointed by the Board as the Company's auditor.

Resolution 5: Authority to agree auditor's remuneration
Resolution 5 gives authority to the Directors, in accordance with standard practice, to agree the remuneration of the Company's auditor.

Resolution 6: Authority to allot shares
The Company's Directors may only allot shares or grant rights to subscribe for or convert any security into shares if authorised to do so by shareholders. This resolution seeks to grant an authority under s551 CA 2006 to authorise the Directors to allot shares in the Company or grant rights to subscribe for or convert any security into shares in the Company. Paragraph (a) of resolution 6 would allow the Directors to allot new shares and grant rights to subscribe for or convert any securities into shares up to an aggregate nominal value of £31,077. This represents 15,538,500 ordinary shares, which is equivalent to one-third of the Company's total issued ordinary share capital, excluding treasury shares, as at close of business on 26 April 2022, the latest practicable date prior to publication of this notice.

Paragraph (b) of resolution 6 proposes that the Directors be authorised to allot shares in connection with a rights issue or other pre-emptive offer or issue in favour of holders of equity securities, including ordinary shareholders. The allotments would be made in accordance with the rights of those securities (or as the Directors may otherwise consider necessary) up to a further aggregate nominal amount of £31,077, representing 15,538,500 ordinary shares, which is equivalent to one-third of the Company's total issued ordinary share capital, excluding treasury shares, as at close of business on 26 April 2022, the latest practicable date prior to publication of this notice. This amount, together with the nominal amount of any shares allotted or rights granted under the authority conferred by paragraph (a), would represent an amount that is equivalent to two-thirds of the Company's total issued ordinary share capital, excluding treasury shares, as at close of business on 26 April 2022, the latest practicable date prior to publication of this notice.

The authority sought under resolution 6 is in line with guidance published by The Investment Association on the powers of directors to allot shares.

As at the date of this notice, the number of treasury shares held by the Company is 24,500, representing approximately 0.05%

of the Company's total issued ordinary share capital, excluding treasury shares, as at 26 April 2022, the latest practicable date prior to publication of this notice.

The Directors have no present intention to exercise the authority sought under resolution 6.

The authority sought under resolution 6 will, if granted, expire at the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier).

Resolution 7: Company's authority to purchase its own shares
In the opinion of the Board of Directors, the purchase by the Company of its own shares may, in certain circumstances, be advantageous to shareholders.

Shareholders are being asked to give the Company authority to buy back up to 15% of its issued share capital in the market. Resolution 7 sets out the maximum number of shares that may be purchased and the minimum and maximum prices at which they may be bought.

The Directors intend to exercise this authority only if they are satisfied at the time that it is in the best interests of shareholders to do so and that it would result in an increase in earnings per share.

There were 466,400 warrants and 467,702 options to subscribe for ordinary shares outstanding as at 26 April 2022 (being the latest practicable date prior to the publication of this notice), representing approximately 2.00% of the Company's issued ordinary share capital (excluding treasury shares). If the authority to buy back shares was exercised in full, these warrants and options would represent approximately 2.36% of the Company's issued ordinary share capital.

This authority is to remain in force until the conclusion of the Company's next annual general meeting or within 15 months from the date of passing of this resolution (whichever is the earlier).

MEMBER NOTES:

The following notes explain your general rights as a shareholder and your right to attend and vote at the AGM of the Company, or to appoint someone else to vote on your behalf.

1. Entitlement to attend and vote

To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the number of votes they may cast), shareholders must be registered in the Register of Members of the Company at close of business on 27 May 2022. Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the AGM. In the case of joint holders, where more than one of the joint holders votes, only the vote submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

The Company will continue to monitor closely the continuing impact of COVID-19, including any Government guidance. Should it become necessary or appropriate to revise the current arrangements for the meeting, this will be notified to shareholders on our website at www.gygplc.com and, where appropriate, by RNS announcement.

Shareholders are invited to submit questions to the Company in advance of the AGM by sending an email to **gyg@fticonsulting.com** by 25 May 2022, and answers to the questions will be given at the meeting and returned to shareholders. If shareholders are able to attend the AGM in person, questions on the business of the meeting will also be allowed at the meeting.

2. Proxies

a. Shareholders are entitled to appoint another person as a proxy to exercise all or part of their rights to attend and to speak and vote on their behalf at the AGM. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different ordinary share or ordinary shares held by that shareholder. A proxy need not be a shareholder of the Company.

b. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members in respect of the joint holding (the first named being the most senior).

c. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the AGM.

d. You can vote either:

- by logging on to www.signalshares.com and following the instructions; or via the Link Group shareholder app, LinkVote+. The app is free to download and use and is available to download on both the Apple App Store and Google Play, or by scanning the relevant QR code below:

Apple App Store	Google Play

- you may request a hard copy form of proxy directly from our Registrars, Link Group on telephone number: 0371 664 0300. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The Registrars are open between 9:00 am - 5:30 pm, Monday to Friday excluding public holidays in England and Wales; or

- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

In each case the appointment of a proxy must be received by Link Group at PXS 1, Link Group, Central Square, 29 Wellington Street, Leeds, LS1 4DL, United Kingdom by 2.00 pm on 27 May 2022.

e. If you return more than one proxy appointment, either by paper or electronic communication, the appointment received last by the Registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.

f. The return of a completed form of proxy, electronic filing or any CREST Proxy Instruction (as described in note h. below) will not prevent a shareholder from attending the AGM and voting in person if he/she wishes to do so. However, please note the information in note 1 above regarding the possible impact of the COVID-19 pandemic on meeting attendance.

g. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM (and any adjournment of the AGM) by using the procedures described in the CREST Manual (available from www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

h. In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (ID RA10) by 2.00 pm on 27 May 2022. For this purpose, the time of receipt will be taken to mean the time (as determined by the timestamp applied to the message by the CREST application host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

i. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST

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Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

3. **Corporate representatives**
Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that no more than one corporate representative exercises powers in relation to the same shares.

4. **Nominated persons**
Any person to whom this Notice is sent as a person nominated under s146 of CA 2006 to enjoy information rights (a "Nominated Person") may, under an agreement between him/her and the member by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights.

   The statement of the rights of members in relation to the appointment of proxies in paragraph 2 above does not apply to Nominated Persons. The rights described in that paragraph can only be exercised by members of the Company.

5. **Issued share capital and total voting rights**
As at close of business on 26 April 2022 (being the latest practicable business day prior to the publication of this notice), the Company's ordinary issued share capital (excluding treasury shares) consists of 46,615,500 ordinary shares of £0.002 each, carrying one vote each. Therefore, the total voting rights in the Company as at close of business on 26 April 2022 were 46,615,500.

6. **Members' rights to ask questions**
Any shareholder attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM, but no such answer need be given if: (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

7. **Communication**
You may not use any electronic address (within the meaning of s333(4) of CA 2006) provided in either this notice or any related documents (including the form of proxy) to communicate with the Company for any purposes other than those expressly stated.

8. **Voting results**
As soon as practicable after the AGM, the results of the voting at the meeting and the number of proxy votes cast for and against, and the number of votes withheld, in respect of each resolution will be announced via a Regulatory Information Service and also placed on the Company's website www.gygplc.com.

COMPANY INFORMATION

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Remy Millott
Kevin McNair
Rupert Savage
Richard King

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Company Secretary:
Sue Steven

Company Website:
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Nominated Adviser and Broker:
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